8TH ANNUAL REPORT

Social Security Board

1943

FEDERAL SECURITY AGENCY

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FISCAL YEAR 1942–43

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LETTER OF TRANSMITTAL

FEDERAL SECURITY AGENCY,
SOCIAL SECURITY BOARD,
Washington, D. C., October 31, 1943.

The Honorable PAUL V. MCNUTT,
Federal Security Administrator,

DEAR MR. MCNUTT:

I have the honor to transmit the Annual Report of the Social Security Board for the fiscal year ended June 30, 1943, for submission to the Congress as required by section 704 of the Social Security Act.

Respectfully submitted.

ARTHUR J. ALTMEYER,
Chairman.

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EIGHTH ANNUAL REPORT OF THE SOCIAL SECURITY BOARD

· I ·

Social Security During and After the War

Wartime conditions in the fiscal year 1942–43 caused a sharp change in the focus of social security measures, with a reversal of the roles of public aid and social insurance programs in the United States. By the end of the year, all Federal emergency programs for public aid had been liquidated or were in the last stages of that process. Total payments for work relief and direct relief in the United States, which once (January 1934) had amounted to as much as 6.6 percent of total income payments in a month, represented only 0.7 percent in June 1943. Of the June amount, nearly all was for the special types of public assistance under the Social Security Act—assistance to the needy aged, needy blind, and dependent children. In other words, the public aid provided by Federal, State, and local governments went almost wholly to needy persons who were unable to share in the Nation's war effort because they were too young to work or were handicapped by blindness or old age. While the aid given to these and other needy persons is often seriously inadequate, opportunities for work have served, directly or indirectly, to liquidate large areas of insecurity in which individual families and whole communities had been mired for a decade or more.

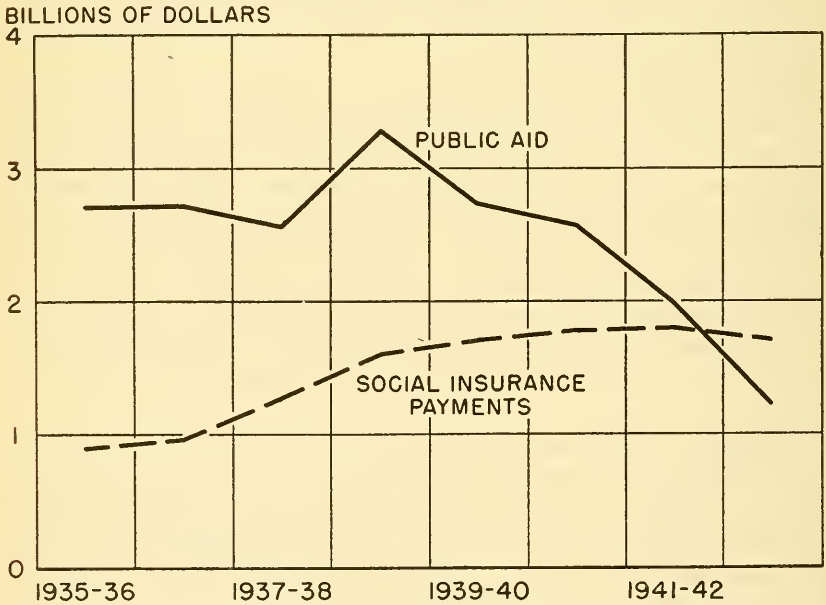
On the other hand, total payments to individuals for social insurance and related purposes, which exceeded public aid payments for the first time in June 1942, were above the relief totals in each month of the year (chart 1). The change reflects the end of a decade when expenditures for social security, in the broad sense of that term, were predominantly on an emergency basis and for persons who were in need because work was lacking. It marks the gradual rise of permanent measures under which workers, employers, and governments are contributing to offset part of the wage loss which is incurred, in good times as in bad, when a worker's earnings are interrupted or cease.

In contrast to the sharp decline in public aid, there was relatively little decline in total payments for social insurance and related purposes in 1942–43. The precipitous drop in unemployment benefits was nearly offset by the rise due to cumulating benefit rolls of retirement and survivor programs. The insurance and related payments shown in chart 1 include old-age and survivors insurance under the Social Security Act, Federal-State unemployment insurance, and the special retirement and unemployment insurance systems established under Federal law for railroad workers; retirement systems for Federal, State, and local governmental employees; payments under State

workmen's compensation laws to disabled workers or the survivors of workers; and payments by the Federal Government to veterans of the armed forces or members of their families. These various systems are alike in that the right to a benefit arises from past employment or service and that payments are made in recognition of losses in earnings or earning capacity from one of the risks against which the programs are directed—unemployment, disability, superannuation, or death of a breadwinner on whose earnings others depended. Of these four risks, only unemployment was greatly affected by the high level of prosperity in 1942–43, and even in this year some 1.3 million workers drew unemployment benefits for shorter or longer periods during which they could not get suitable work.

Whether or not the Nation's economy is moving in high gear, people become too old to work, or are injured or sick and unable to work, or die before they have been able to make adequate provision for the support of their families. Since progress itself means change, a smaller or larger number will be unemployed at any time in a dynamic economy. On the other hand, the smooth and steady function-

Chart 1.—*Social insurance and public aid payments in the continental United States, fiscal years 1936–43* [1]



[1] Public aid payments represent earnings of persons employed by NYA, WPA, and CCC, and payments to recipients under 3 special public assistance programs and general assistance, value of food stamps issued by Food Distribution Administration under food stamp plan, and subsistence payments certified by Farm Security Administration. Social insurance payments represent payments under programs of old-age and survivors insurance, railroad retirement, Federal, State, and local retirement, veterans' pensions, workmen's compensation, State unemployment compensation, and railroad unemployment insurance.

ing of the economic system depends in considerable part on an orderly method of coping with costs and losses which must be met in one way or another—through social insurance or assistance, or in terms of exhaustion of personal resources, destitution, and demoralization.

Social insurance and public assistance together are complementary measures for distributing these inevitable costs among insured persons, employers, and the population as a whole in ways which help to maintain individual independence and self-respect and national well-being. It cannot be assumed that social insurance, no matter how comprehensive, can wipe out entirely the need for systematic and adequate measures for public aid. Among any large number of families, some in any year will meet with an exceptional misfortune or combination of misfortunes that transcends the benefits or services that can be financed appropriately through contributory social insurance, which is necessarily designed in accordance with the range of risks common to large groups. Further development of social insurance in the United States can, however, avert a considerable part of the dependency which necessitates relief. For example, if there had not been workmen's compensation laws in the States, public aid costs of the States and localities probably would have felt a heavier impact from the past year's increase in industrial accidents resulting from the rise in employment.

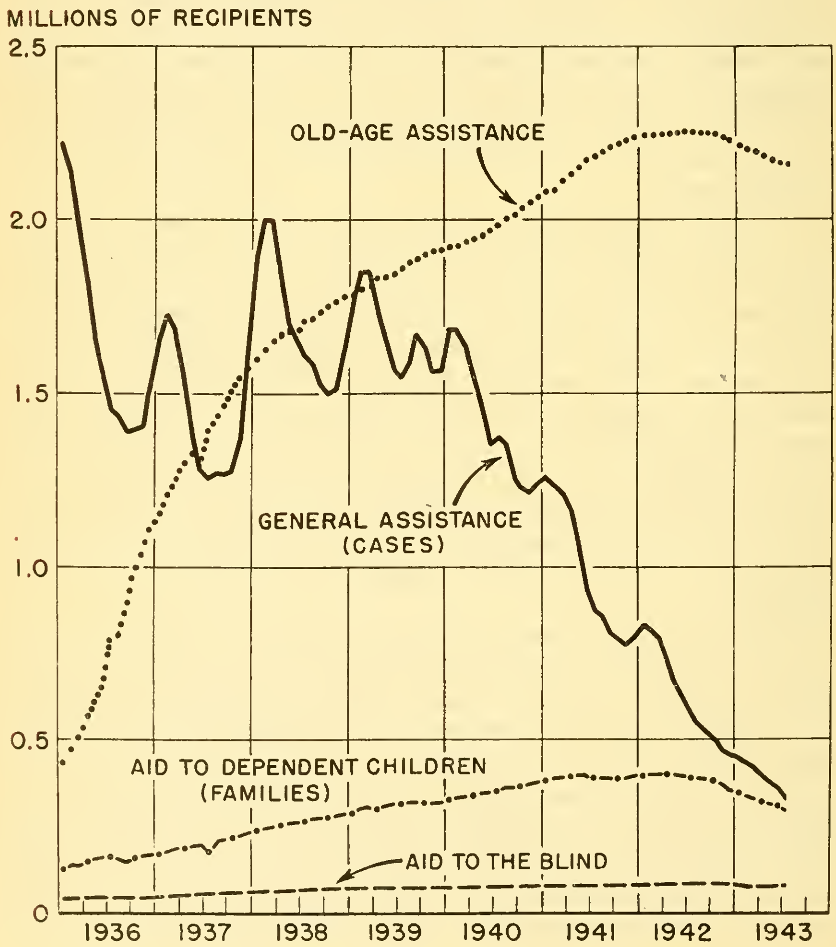
The effect of social insurance in helping whole communities as well as individual families to bridge emergencies has been reflected during even the recent years of expansion when industry was being mobilized. In Detroit, for example, there was widespread unemployment in the winter and spring of 1942 while the automobile plants were being converted to war production. More than 100,000 initial claims for unemployment benefits were filed in the area in the 4 months January–April. Even in the last of these months, at least one-tenth of the workers in the county were unemployed, including some 60,000 displaced by wartime changes. Yet in April, after many weeks of recession, only 147 families applied to the general assistance agencies in Detroit for relief because of unemployment due to the wartime situation.

Events in this fiscal year have underscored the fact that the people of the United States—both men and women, the aged, the handicapped, and the children—wish to maintain economic independence and will work to do so. In June 1943, unemployment benefit payments under State laws were hardly more than one-tenth the amount in the peak month of that program, while only about one-third of the aged persons who could have qualified for monthly retirement benefits under the Social Security Act were actually receiving them. The remainder had chosen to postpone their claims or to have their benefits suspended while the wartime labor market gave them a chance to con-

tinue or resume work in covered employment. The assistance programs under the Social Security Act also gave clear evidence, if evidence were needed, that American workers and many who ordinarily are not in the labor force will use to the full every opportunity to support themselves and their families through their own earnings. The extent to which these opportunities affected even the groups least likely to share directly in wartime activities is reflected in the steady decline in the number of recipients of old-age assistance, who average about 75 years in age; in the drop in the number of families receiving aid for dependent children; and, over the year, in a slight decrease even in the number of recipients of aid to the blind.

Even when employment and national income are at unprecedented

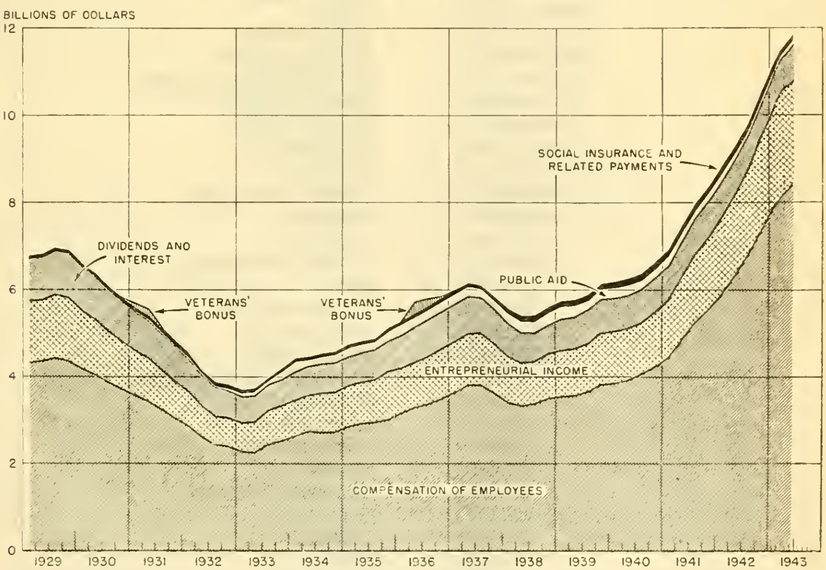
Chart 2.—*Recipients of public assistance in the continental United States, January 1936–June 1943*



levels, however, millions of families are unable, temporarily or permanently, to attain full self-support, while additional millions are handicapped by a degree of poverty which is a drag on the Nation's present and future safety and well-being. The course of the year forces to attention two basic questions concerning the present and future of social security in the United States. Is it equipped to carry its full share of the load when, with victory, the United States faces the inevitable readjustment to peace? What light does experience in this year of more than full employment cast on the role of the program in the longer run, in helping to attain and secure the freedom from want for which, among other objectives, we are fighting?

An understanding of the resources and deficiencies of the programs administered by the Social Security Board can be gained only by considering these programs in relation to the economic risks of American families and to other public measures to counter these risks. Specific provision for social security in the United States is made through three general groups of measures. Social insurance, almost wholly financed through contributions of employers and workers, underwrites certain risks of interruption of earnings or prolonged or permanent loss of capacity to earn, chief among them unemployment, occupational injuries, old age, and death of the breadwinner. Various forms of public aid, paid from general or special taxes rather than specific contributions, mitigate deficiencies in family income which arise from these or other causes. In addition, certain general com-

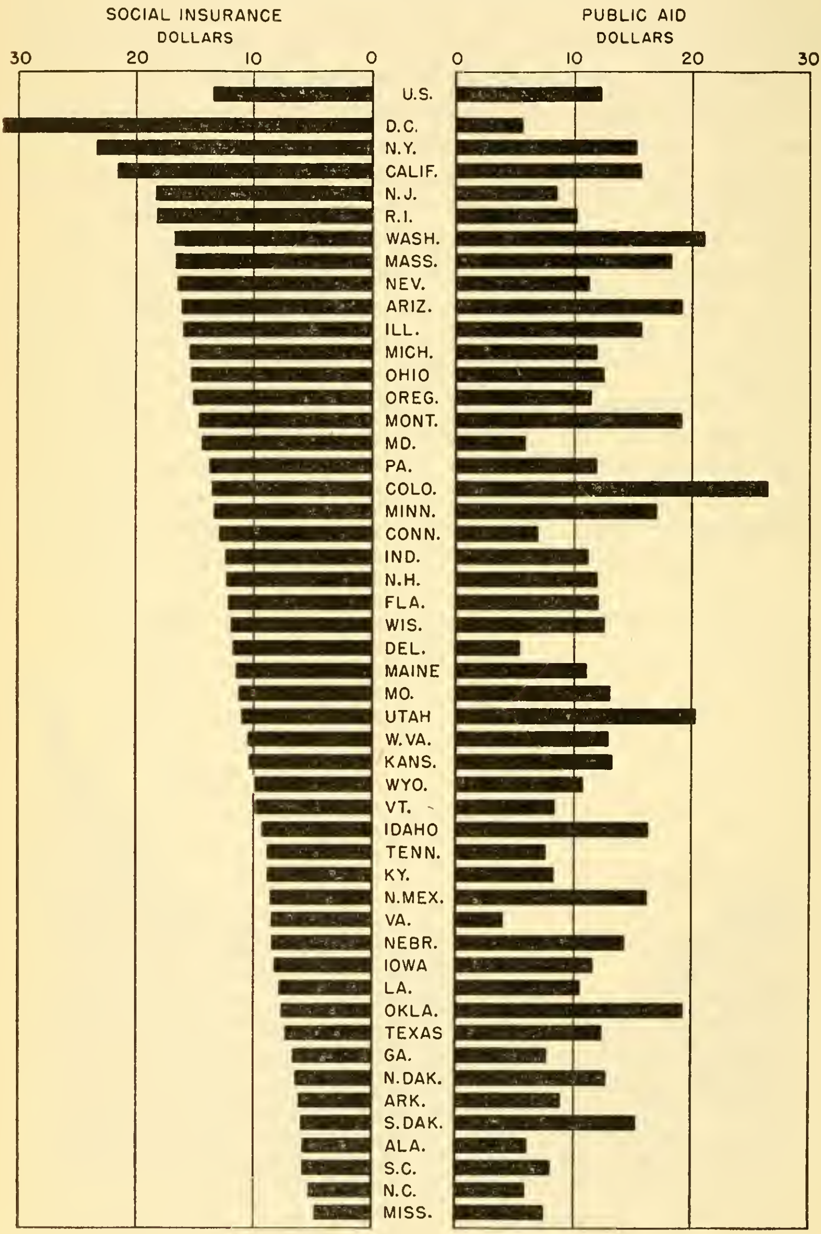
Chart 3.—*Income payments to individuals, January 1929–June 1943* [1]



[1] Monthly average for each quarter for the period 1929–42; monthly data thereafter.
Source: U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce.

munity services are so basic to ability to maintain self-support that they are considered within the general framework of a social security program. Among these are the activities of the U. S. Employment Service in helping workers to find suitable jobs and the various health

Chart 4.—*Social insurance and public aid payments per inhabitant, by State, 1942*



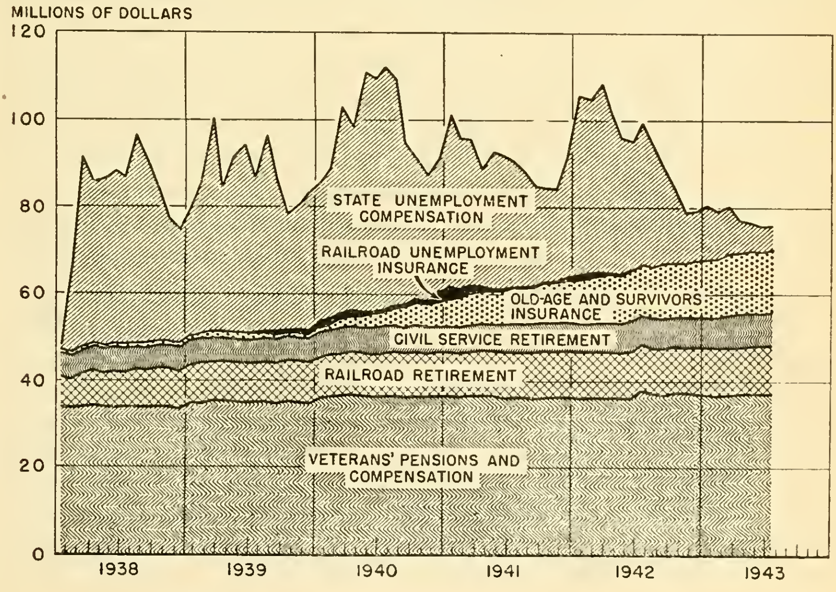
and welfare measures established under the Social Security Act and other legislation. Health, in fact, is so crucial a factor in earning capacity and economic independence that nearly all countries but the United States have made it an initial and important part of their social insurance system to provide money payments or medical services, and customarily both, to assure workers and their families necessary income and medical care.

In the fiscal year 1942–43, there were great variations in the scope and effectiveness of measures of these various types in terms of the risks included, the groups which had access to them, and the extent and level of operations in various parts of the United States. Particulars concerning the operation of programs administered by the Social Security Board are summarized in part II of this report. The purpose of the present discussion is to outline briefly the scope of existing measures for social security and the general direction of action which the Board finds necessary to strengthen and coordinate measures for social security.

Social Insurance and Related Programs

The Federal system of old-age and survivors insurance established under the Social Security Act covers substantially all industrial and commercial employment throughout the country. A very large part of such employment is also covered by the unemployment compen-

Chart 5.—*Payments under selected social insurance and related programs, January 1938–July 1943*



sation laws in effect in all States and Territories, while State laws provide a large measure of coverage of work-connected accidents in industry and, to a smaller extent, coverage of occupational disease. Among the social insurance provisions for special groups are the Federal programs under the Railroad Retirement Act and the Railroad Unemployment Insurance Act which cover substantially all railroad employment, and Federal, State, and municipal systems under which about two-thirds of all public employees are accruing rights toward retirement and, to a small extent, some protection for surviving dependents. Payments to veterans of the armed forces and their dependents or survivors may also be considered as related to social insurance, since they are based directly on past services; in June 1943, monthly retirement, disability, and survivor payments made by the Veterans Administration to more than 900,000 beneficiaries represented about one-fourth of all expenditures in the United States for social insurance and related purposes.

Risks to Security

It may be presumed that substantially all persons who work for their living need provision for themselves and their dependents against loss of capacity to earn by reason of sickness, disability, unemployment, old age, and death. Yet the provisions outlined above fail to recognize any of these risks for large groups of the gainfully occupied population, notably those whose earnings are drawn from agriculture, domestic service, and self-employment. In other fields of work, protection against certain risks is wholly lacking or greatly restricted. In public employment, for example, provisions for survivor insurance are scattered and meager. Apart from the cash sickness benefits payable in Rhode Island to workers covered by the State unemployment compensation law, there is no public provision for insurance against wage losses due to sickness and disability except veterans' provisions and the limited measures to compensate work-connected injuries in industry and commerce. General measures to ensure the ability of families to get needed medical care are lacking. Nowhere except in the District of Columbia does unemployment insurance make specific provision for dependents of insured workers.

Though opportunities for earning were at record heights in 1942–43, existing social insurance provisions and personal resources were insufficient to keep some families and individuals from economic disaster in this year. At the end of the year, the aged who were receiving assistance payments on the basis of need probably were nearly twice the number receiving social insurance or other retirement payments in old age on the basis of their past employment and, for the majority, their own contributions. In all, probably some 4 million needy persons, including more than 2 million old people, were being

supported wholly or partly by public aid at the close of the fiscal year, not including the institutional population. There is ample evidence, moreover, that many in need of aid were not receiving any; many others, not enough.

Though unemployment was at a record low, benefits for 13.6 million weeks of compensable unemployment were paid to some 1.3 million persons during the fiscal year. Compensable unemployment, moreover, at no time in this period represented more than a fourth of the total current unemployment estimated by the Bureau of the Census. Among the unemployed to whom benefits were not payable were those who had exhausted their benefit rights under their State law and those who had had too little or no covered employment or earnings to qualify them for benefits. Though some of the unemployed persons who could not get benefits doubtless were marginal workers who depended in part upon others for support, many had small resources, if any, to carry them until they found a job.

During the fiscal year, probably a billion man-days were lost to the Nation's war effort because of the sickness or disablement of persons who would otherwise have been in the labor force. Their total loss in wages may be estimated at $2–3 billion, while total costs of medical services, including both public and private expenditures, were about $4.5 billion. Lack of full health and vigor in the ages when health should be at its best was reflected in the rejections of young men called for selective service. Doubtless in 1942–43, as is usual in all but periods of widespread unemployment, sickness and disability constituted the greatest single cause of poverty and dependency in the United States. In 19 large cities which report detailed information on general assistance regularly to the Social Security Board, loss of earnings because of sickness or disability has been the largest single reason for applications for general relief in each month of 1943. Public costs of the burden of sickness and disability appear not only in expenditures for public institutions but also directly in the aid given to the needy blind and children who are in need because of the parent's incapacity and, at least indirectly, in nearly every other form of public aid.

Differences in the Extent of Insurance Protection

Since social insurance and related programs apply for the most part to industrial and commercial employment, there are large differences in the extent to which the working population in various parts of the country has access to these means of maintaining economic independence. Both coverage and total benefit payments are largest, in general, in the industrialized States and least in agricultural areas. Exclusion of domestic service from social insurance also serves to limit protection against economic risks in some areas, es-

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pecially the South. Differences in the extent to which workers are accruing rights under the largest system, Federal old-age and survivors insurance, are reflected roughly in estimates of the proportion of total wages and salaries paid in employment covered by the program. For the continental United States as a whole, a little more than 73 percent of all wages and salaries in 1942 was paid in employment covered by this program; among the 48 States the range was from 39 percent in North Dakota to 87 percent in Connecticut.[1] Differences among the States in the present coverage of social insurance programs were also a major factor in causing large differences in the relative amounts of aggregate payments under all social insurance and related programs in that year. For the continental United States, such payments in 1942 represented $13.46 per capita of the total population. Among the 48 States, the range was from $4.80 per capita in Mississippi to $23.34 in New York.[1] Both coverage and the relative amount of total benefit payments tended to be low in the States where average incomes were low and family resources, therefore, relatively least.

Under the national insurance systems—old-age and survivors insurance under the Social Security Act and the retirement and unemployment insurance systems for railroad workers—benefit formulas are uniform throughout the country. Since benefits are based on taxable earnings, differences among the States in average payments tend to reflect differences in wage rates and levels of living and thus accord with the principle that social insurance payments should replace specified proportions of customary earnings, subject to fixed minimum and maximum benefit amounts.

Unemployment insurance, apart from the system for the railroad industry, is administered under the 51 separate laws of the States and Territories and the District of Columbia. Benefit amounts and all other factors in the protection afforded unemployed workers vary widely. Workers with identical records of prior employment and wages differ in their ability to qualify for benefits according to the provisions concerning the size of firm and type of industries covered and the required amount of earnings in covered employment in the State in which they have been employed. Differences in benefit formulas introduce additional variations among the States in the weekly amount and duration of benefits payable to unemployed persons whose records are similar or identical. While average benefits reflect primarily State-to-State differences in wage rates and annual wages per worker, disparities which in no way parallel such differences are introduced by benefit provisions. Maximum weekly benefits,

[1] The District of Columbia is omitted from this comparison since, because of the concentration of Federal employment covered by the Civil Service Retirement Act, the figures reflect a situation different from that in the States.

for example, are higher in Georgia and Louisiana than in Ohio and Washington, while maximum potential benefits are greater in Alabama than in Maine. The average potential duration of benefits for all eligible claimants whose benefit years ended in 1942 ranged from less than 9 weeks in Kansas to 20 weeks in Utah.

Under both the national and the State insurance systems, moreover, both a worker's chance to qualify for any benefits and the amount for which he qualifies are affected by the exclusion of certain types of work from coverage; for the State systems, the barrier of State boundaries is an additional factor. An individual whose work has been partly in and partly outside covered employment may be unable to qualify for an insurance benefit when he suffers a risk for which insurance contributions have been paid. If he does qualify, his benefit may be less than would have been the case if all his earnings could have been counted in computing it, and the benefit amount may have little relationship to his actual loss of earnings.

Gaps in Social Insurance Protection

Historically, social insurance has developed first for wage earners in industry and commerce because it was clear that in the towns and cities persons who depended on a daily or weekly wage for their livelihood and bought nearly all the goods and services they used were likely to be without resources when they had no job or were too sick or too old to work. It was assumed that persons who worked on farms, in private homes, or in businesses of their own had less need for social insurance because they could draw on resources available in the older family economy, in which members of a household united in making a living, rather than buying it from wages earned by only one or two of the members. From the administrative standpoint, moreover, it is obviously simpler to collect contributions and record wages for persons who work in groups, with a single employer, and are paid agreed amounts, than for those whose jobs are scattered and whose earnings are likely to be irregular and often largely in the form of food and shelter, rather than money.

Administrative problems of extending various forms of social insurance to nonindustrial workers and self-employed persons have been solved in a number of different ways in countries which have embarked on such measures. There is a growing recognition, moreover, that problems which came with the industrialization of our economy have not been limited to the cities or to factories, stores, and offices. In most respects, the groups now excluded from social insurance in the United States have no less need of it than those who are covered; in some respects, their need is greater.

At the time of the 1940 census, more than 16 million persons, or nearly a third of the entire employed population, engaged in work

nearly or wholly unprotected by any form of social insurance. They included the Nation's farm workers, domestic workers in private homes, employees of religious, charitable, and certain other nonprofit organizations, and self-employed persons, among them farm owners and operators. In addition, some 5 million employees of Federal, State, and local governments were without provision for unemployment insurance, and a substantial part were not covered under a retirement system. Both public employees and more than a million persons in railroad jobs had only a minor stake, if any, in social insurance to protect their survivors.

The number of persons who work in noncovered employment at some time during the course of a year is, of course, greater than the number in such jobs at any particular time. In terms of the two major systems established under the Social Security Act, individuals in excluded employment at some time in 1942 are estimated as follows:

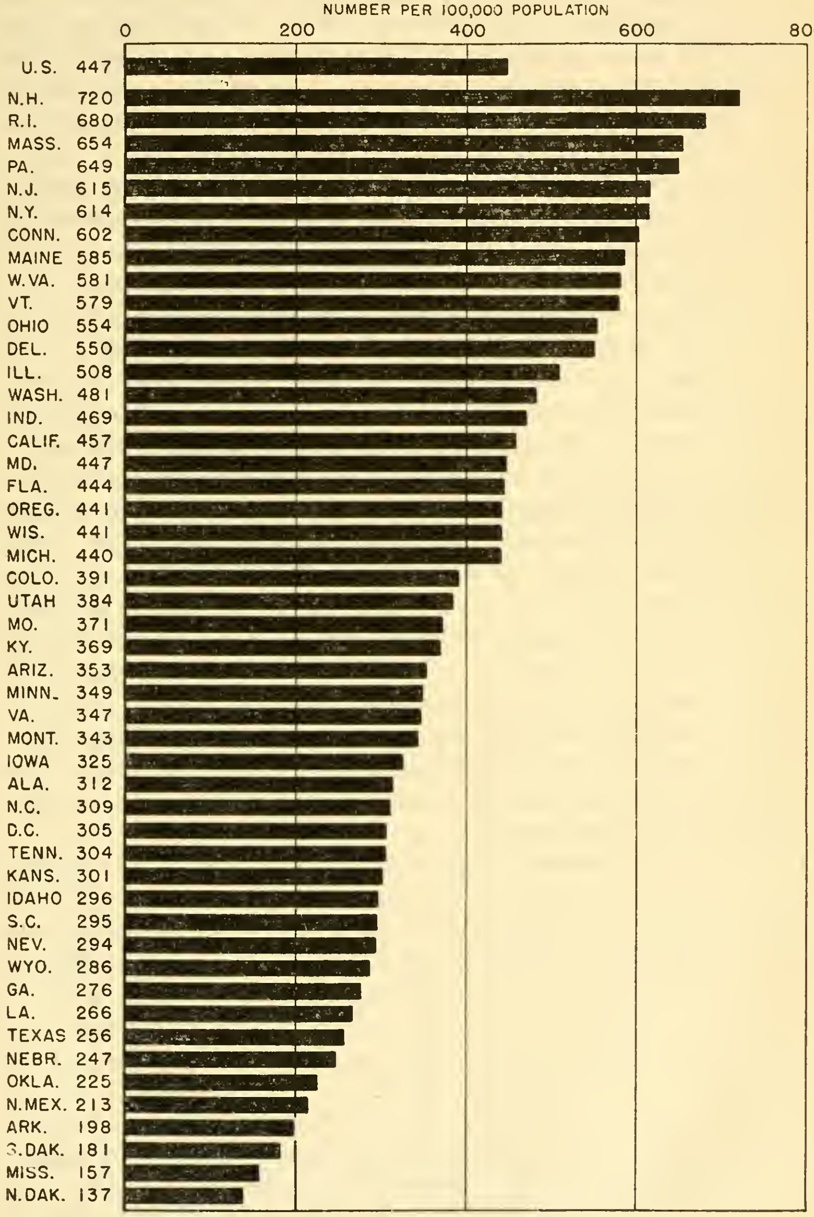
Type of employment [1]	*Minimum—maximum estimates (in millions of persons)*
Employments excluded from both old-age and survivors insurance and unemployment compensation:	
Self-employment	10.0–11.7
Farm operators	4.8– 5.5
Other self-employed	5.2– 6.2
Agricultural labor	4.0– 5.0
Domestic service	2.0– 2.2
Employment for nonprofit organizations	.7– 1.1
Federal civilian employment	3.4– 3.8
State and local government employment	3.3– 3.6
Railroad employment	2.2– 2.3
Additional employments excluded from unemployment compensation:	
Maritime employment	.2– .3
Small firms in covered industry	2.5– 3.0

[1] In addition to these groups, casual workers, family workers, student nurses and interns, regular students earning less than $45 per quarter from a school or college, newsboys under age 18, persons working for voluntary employee beneficiary associations under certain specified conditions, persons in the employ of a foreign government, fishermen on vessels of less than 10 net tons, and a few other miscellaneous groups, as well as persons in the armed services, are excluded from coverage under old-age and survivors insurance, the Federal Unemployment Tax Act, and most State unemployment compensation laws.

No important occupational groups rank lower in the scale of earnings than farm workers and household workers, even when allowance is made for what these workers receive in the form of food and shelter. For most in these groups, employment is typically uncertain and broken. The "hired hand" and the "hired girl" who were considered members of the household in an earlier generation have given way to workers whose relationships with their employers are often brief and casual. On the mechanized farms, "gang labor" is increasing; in smaller city homes, equipped with household machines,

there is greater use of part-time and intermittent domestic service. This change in working relationships has led inevitably to less sense of responsibility on the part of employers in finding a place for aged

Chart 6.—*Number of old-age and survivors insurance benefits in current-payment status per 100,000 population,*[1] *by State, December 31, 1942*



[1] Based on population as of April 1942, estimated by Bureau of the Census.

employees or in helping them in sickness and other emergencies. Serious accidents are not uncommon on farms and in private homes, yet almost without exception these types of employment are unprotected by workmen's compensation. Wages are too low to permit workers to save adequately for emergencies or for old age.

Self-employed persons are often thought of in terms of well-to-do business and professional men whose work is "independent." Yet the 10.0–11.7 million persons excluded from substantially all participation in social insurance by reason of their self-employment represent for the most part operators of small farms and stores, repair services, and the like, whose returns are small and whose "independence" is largely illusory. The common notion that "being in business for oneself" guarantees a certain job security is disproved by the statistics on business turn-over and mortality, farm foreclosures, and dispossessions. As a group, the self-employed are older than wage earners and more likely to have families dependent upon them. Although a few self-employed persons derive very large incomes from their business or profession, before the war the proportions in the various income brackets were about the same as for persons receiving wages and salaries; since that time, moreover, various wartime controls have severely affected small businesses. Letters received by the Board indicate that many owners of little unincorporated businesses look longingly at the protection which wage earners have under the Social Security Act and other social insurance legislation. Often they are contributing under such laws in behalf of their employees while they themselves have no adequate means of making provision for their old age or assuring the support of their families if they should die or become disabled. Unemployment insurance, which stems from the severance of an employer-employee relationship, is less applicable to persons who work for themselves, and self-employed persons also are less likely to suffer measurable losses of income from temporary illness. In all other respects, their need for social insurance parallels that of wage earners.

There is a widespread impression that employees of Federal, State, and local governments have comprehensive protection through retirement systems and relatively little need of other forms of social insurance, and that a somewhat similar situation exists among employees of educational, charitable, religious, and other nonprofit organizations who are also excluded from nearly all general measures for social insurance. Few systems for public or nonprofit employees make any substantial provision for survivors. At the present time, nearly all full-time Federal employees are covered by retirement systems which provide for retirement for age and permanent disability, but many "wartime duration" employees will not build up any permanent retirement rights while in civil service and

will also be losing their social security protection. Among other governmental employees and employees of nonprofit organizations, perhaps half are accruing rights to retirement. In many instances, the provisions of State and municipal systems or the plans in operation in educational and other nonprofit organizations apply only to certain occupational groups, such as professional or clerical workers, and exclude laborers, maintenance workers, and other low-paid employees. It is generally supposed that governmental and nonprofit employees are more secure in job tenure than other workers and hence have less need of unemployment insurance. However, the rate of compensable unemployment among public employees in one State which has covered State and local employees under unemployment compensation has been higher than the average for all industries, primarily because of unemployment among highway and construction workers. For at least certain groups of public employees, the risk of unemployment would seem to be not dissimilar to that of other workers.

The extent of systematic protection actually available to public and nonprofit employees is less than would be supposed from the extent of coverage, at any given time, under their special retirement systems. In most cases, considerable periods of service are required to qualify for benefits, and rights of individuals whose work shifts between systems or into other types of employment are only rarely transferable. Many of the older special retirement systems were considered as means of rewarding long-continued service for a single employer, and no rights, except perhaps a return of any contributions made by the employee, inure to those who leave the system before retirement age. The effect of division of coverage in weakening social insurance protection is especially serious at the present time among workers who shift between public and private employment. Large numbers of workers have been drawn from private employment into shipyards, arsenals, and other wartime activities of the Federal Government. In many cases these workers will not remain in Federal service long enough to be entitled to anything but a return of their contributions under the Federal system, while in the meantime they are losing or impairing their protection under the general old-age and survivors insurance system or special systems and under the State unemployment compensation systems.

Public Assistance Programs

By June 1943, expenditures for public aid and the number of persons receiving such aid in the United States were at the lowest level in more than a decade. Need resulting directly or indirectly from lack of work and from the agricultural disasters in the drought years

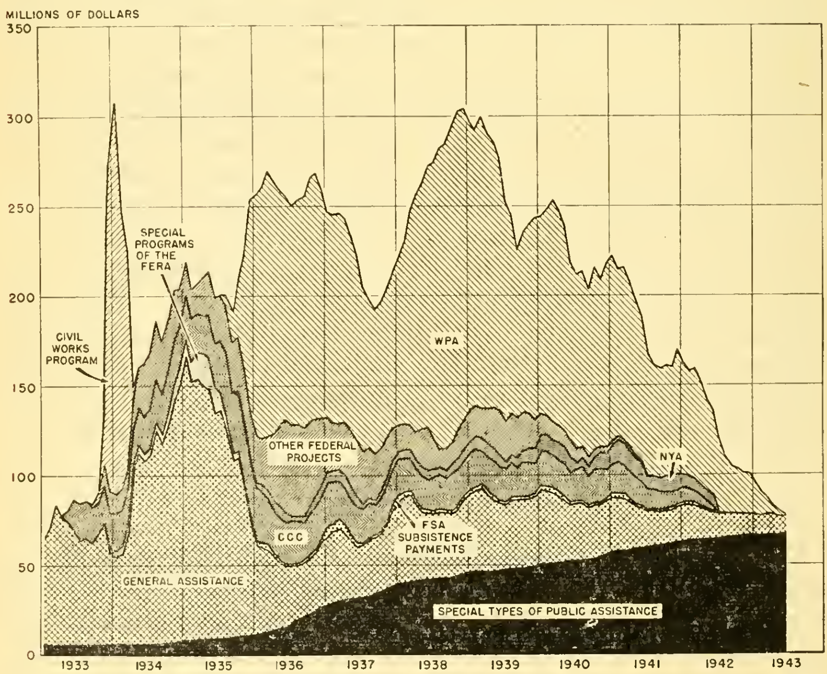
had largely disappeared; the only programs in operation on a significant scale were the special types of public assistance under the Social Security Act, and general assistance (chart 7).

Reasons for Assistance

The Social Security Act recognizes, in its provisions for matching Federal grants to States, need for assistance to the aged, to the blind, and to children who have been deprived of parental care or support by a parent's death, continued absence from home, or physical or mental incapacity. State programs for these three groups, in nearly all of which there was Federal financial participation under the Social Security Act, accounted for more than two-thirds of all individuals on assistance rolls at the end of June and for nearly nine-tenths of the total amount of public aid provided in that month by Federal, State, and local governments.

General assistance or relief, financed and administered wholly by the States and localities, accounted for nearly all the remaining recipients of public aid. Probably in the country as a whole, as in the group of large cities for which actual figures are available, the largest single factor in causing requests for general assistance was loss of

Chart 7.—*Payments to recipients of public assistance and earnings of persons employed under Federal work programs in the continental United States, January 1933–June 1943*



earnings through sickness and disability. Among other reasons were insufficiency of earnings for usual support or for special demands, such as costs of sickness; the need to supplement social insurance benefits for some aged or unemployed persons, survivors of insured workers, or others who could qualify for only small amounts; and loss of regular employment or jobs under the work programs as these latter were liquidated. Special wartime situations, including the rise in the cost of living, business dislocations, migration, and absence of breadwinners who were in the armed forces also played some part in causing temporary or continuing need for assistance.

Public aid in 1942–43, therefore, represented largely measures to alleviate individual distress resulting from the impact of risks against which social insurance is or may be directed. Had the provisions for social insurance been more nearly adequate in the coverage of risks and groups and, in the case of old-age and survivors insurance, of longer standing, a considerable amount of need and assistance costs in this year of record national income could have been averted.

Differences in the Extent of Assistance Protection

At the end of the fiscal year, old-age assistance was being administered with the aid of matching Federal funds under the Social Security Act in all jurisdictions eligible to participate—the 48 States, Alaska, the District of Columbia, and Hawaii. Of these 51 jurisdictions, 45 were also administering approved plans for aid to the blind and 48 for aid to dependent children, while an additional 4 and 3, respectively, had similar programs administered under State laws without Federal financial participation. No specific programs for the blind were in operation in Alaska and Delaware. Provisions for general assistance were in effect in all States, though not always in all localities; in many localities, moreover, whole groups—such as families including a member adjudged employable, aliens, or families receiving other types of public aid—were excluded.

A needy person's chance of receiving assistance and the amount of assistance for which he may qualify differ widely among and within the States. One specific example is reported by a State welfare agency, showing the replies received from agencies in 44 States and the District of Columbia as to the disposition they would have made of the application of an old man whose circumstances were described in detail. In 15 States and the District of Columbia he would have been held ineligible for old-age assistance; in 20 States, eligible; and in 9, eligible in some localities and ineligible in others. The amounts of assistance which these agencies would have given in his case varied from $1 a month to $37.[2]

[2] Sheppard, Virgil, "Standards for Old Age Assistance: Nation-wide Study Reveals Varied Budgeting Practices," *Public Welfare in Indiana*, Vol. 53, No. 2 (February 1943), pp. 10–11.

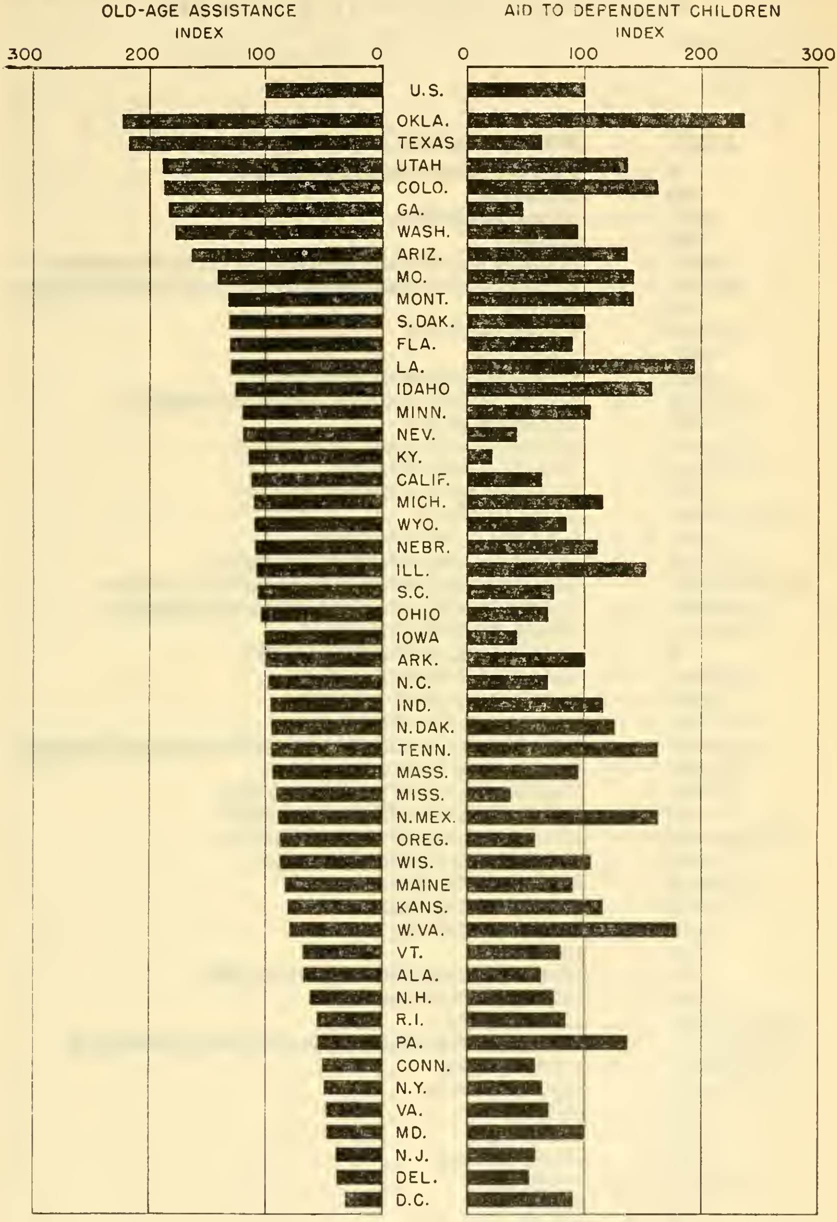
Differences in the availability and the amounts of assistance result from variations among States in laws, policies, administrative practices, and resources for public aid. For programs administered under the Social Security Act, there are certain general requirements for the receipt of Federal grants. Within these conditions, approved State plans may differ with respect to eligibility provisions—such as citizenship, relatives' responsibility to support, the definition of "needy," or grounds for aid to dependent children. General assistance is wholly a matter of State, local, or State and local determination. Underlying many of the differences which are crystallized in law or practice is the great variation among the States in the availability of funds for public aid. For the programs administered under the Social Security Act, at least half the costs of assistance payments must be met from State or State and local sources, and the Federal grant is necessarily proportioned to what is provided from those sources. In general assistance there is no Federal participation.

In a country so large and diversified as the United States, it is to be expected that there will be sharp geographic differences in the extent of need. There are similar differences in the relative numbers of the aged or children. Such variations, however, are not sufficient to explain the range among the States in the relative numbers of recipients, in average assistance payments, or in per capita expenditures. In one State, for example, half of the aged population received old-age assistance in June 1943; at the other end of the range, in three States recipients represented less than 1 in 10 of the aged. Average payments for old-age assistance in June 1943 ranged, among the States, from $9.15 a month to $37.60. Expenditures for this program in 1942 ranged from less than $1 a year per inhabitant of the State to more than $16. State differences in per capita expenditures for aid to the blind and aid to dependent children, though less striking, were still great, while for general assistance the range in 1942 expenditures in States reporting to the Board was from 2 cents per capita to $4.83. In general, relative expenditures are least in States where the average income in the population as a whole is low and where need for aid is presumably greatest. Whether or not a needy individual or family gets aid and the adequacy of what they get depend in large part on the place in which they happen to live.

Among the three groups aided under the Social Security Act, disparity in the levels of assistance is introduced by the limitation on the amount of individual payments which are matched by Federal funds. For the aged and the blind, the maximum Federal share was set at $15 a month per recipient in the original legislation and was increased to $20 by the 1939 amendments to the act. For dependent children, on the other hand, Federal matching funds may not represent more than $9 a month for the first child and $6 for

Chart 8.—*State recipient rates for old-age assistance and aid to dependent children in relation to recipient rate for United States, June 1943* [1]

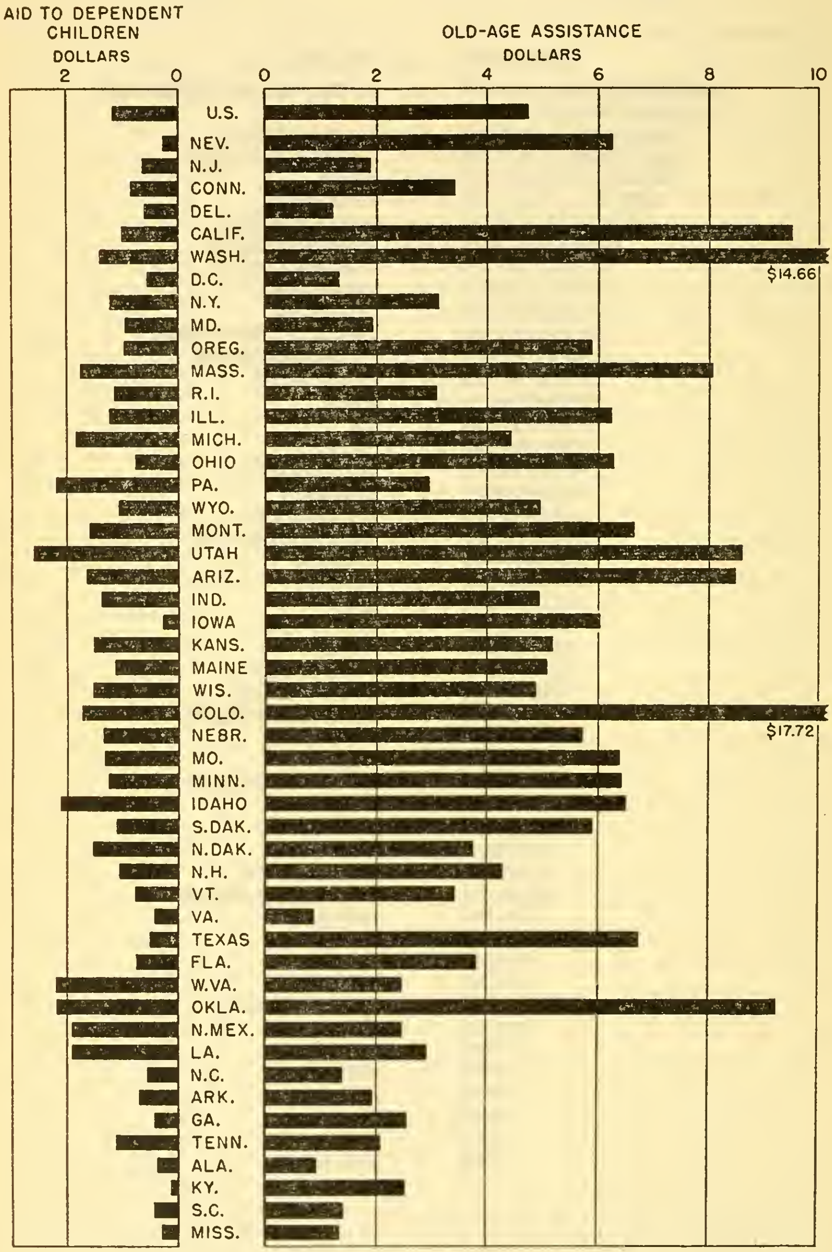
[U. S. Rate = 100]



[1] Recipient rates represent number of old-age assistance recipients per 1,000 population aged 65 and over based on population estimated by the Social Security Board as of April 1943, and number of children receiving aid to dependent children per 1,000 population under age 18 based on census population data as of Apr. 1, 1940.

Chart 9.—*Aid to dependent children and old-age assistance payments per inhabitant, by State, fiscal year 1942–43*

[States ranked according to 1942 per capita income payments which ranged from $1,352 in Nevada to $407 in Mississippi, with a U. S. average of $852]



each additional child aided in the same home, while no additional allowance is made toward the support of the mother or other relative who cares for the children. In June 1943, the average payment under all approved plans for aid to dependent children was a little less than $39 a month per family, including, on the average, 2.5 children as well as the adults responsible for their care. On the other hand, recipients of old-age assistance, who in general represent individuals, received, on the average, $24.67.

Gaps in Assistance Protection

Gaps in the availability of assistance to needy individuals or families arise both from the total lack of programs in some jurisdictions and the formal exclusion, in others, of certain needy groups, and also from limitations on the aid actually given to persons eligible under the provisions of their State.

Lack of any or adequate programs of general assistance in some parts of the country leaves little or no recourse for persons who fail to meet the requirements for the special types of assistance on the grounds of age or residence, or for other reasons. When funds for general assistance or special types of assistance are limited, individual payments may be set at some fraction of the amount determined by the agency as necessary to meet the recipient's need, or all payments may be reduced by some stated amount. During even the past fiscal year, some States found it necessary to use methods such as these to keep expenditures within the limits of their available funds and were therefore unable to meet any or all the need of individuals in the groups for whom they had assumed responsibility under State laws and plans. Under the Social Security Act, matching Federal funds may be used only for children who have been deprived of support or care by reason of death, continued absence from the home, or physical or mental incapacity of the parent, and many State plans recognize only these reasons. Families in which children may be equally needy because of the father's unemployment or low earnings may have no means of aid except what is available through general assistance.

At the end of June, the number of families whose applications for aid to dependent children were pending in States with plans approved by the Social Security Board was about one-tenth the number on the rolls; in three States, families with pending applications outnumbered those receiving aid. Experience has shown that the majority of applicants are eligible for the type of aid for which they apply. Some agencies, moreover, discourage applications when they realize that stringency of funds or other restrictions on intake will make it impossible to grant assistance even if need is found to be serious. The volume of unmet need in a State or locality may therefore be greater than is shown by a formally established waiting list.

The rise in living costs during the war has caused special difficulties for recipients of assistance, since, like other low-income families, they spend a large part of their income for food, in which the increase has been sharpest. Discontinuance of the food stamp plan and of Federal measures for direct distribution of agricultural commodities has removed resources which were important to many families on the assistance rolls and other needy persons, especially in the Southern States. Increases in average payments for assistance have failed to keep pace with the rise in the cost of living. For some households, this failure may have been offset by increases in opportunities to gain small earnings or in help from relatives. For others, however, the effect has been to increase privation.

Health and Medical Care

Our country may well take pride in its progress during the past half century in extending the average length of life and raising standards of physical well-being. We may be proud also of the Nation's total resources for the prevention and care of sickness—organized public health services, splendidly equipped hospitals, and skilled medical practitioners and technicians. In combination with the relatively high levels of living achieved by the American population as a whole, these resources have served to make the health and life of the average man more secure than that of his parents or grandparents. Failures, however, to assure healthful growth and development among even the generations now young are evident in many ways, among them the record of the first 3 million men examined for selective service. Though these men were in the ages 21–36 and their average age was 26, half failed to meet the physical and mental requirements of the system for general military service, while about one-fourth could not qualify for even limited service. Of the 900,000 who were thus disqualified, at least 200,000 had defects which were considered easily remediable. Among a large group of 18- and 19-year-old registrants, about 25 percent were rejected on physical or mental grounds. Rejection rates reflected economic handicaps. Among boys classified as farmers, the rate was about 40 percent, and among emergency workers and the unemployed, nearly 38 percent, while for those classified in skilled occupations and professional and semiprofessional services, only about 20 percent were rejected for these reasons. Though standards for military service were more rigorous than those required in many civilian activities, prevalence of physical defects among this cross-section of the young adult population has serious implications for individual and social security.

Differences in the Extent of Health Protection

Average achievements in health security have little meaning to a particular individual; what matters to him is his own chance to live a full life unhampered by sickness or incapacity. The average conceals the fact that in all parts of the country there are groups whose chances of survival are no greater than those which existed in the United States 60 years ago. Some places in the United States, especially rural areas, are almost without access to modern facilities to prevent and cure sickness.

Progress in improving health and longevity has come largely through organized measures for curbing or eradicating hazards of whole communities—that is, through public health and sanitary provisions to safeguard water and milk supplies and prevent or control communicable diseases such as typhoid fever, diphtheria, tuberculosis, and malaria. Sickness and death rates from causes such as these make it clear, however, that there still remains a tremendous weight of preventable or curable sickness and postponable death which could be lifted through the use of measures long since established as appropriate functions of public health and medical services.

In these as in other fields of public action, striking variations arise from differences in public and personal resources. A baby's chance to survive the first year of life, for example, was nearly three times as good in the best State in 1942 as it was in the State where the infant mortality rate was highest. The death rate from tuberculosis ranges, among the States, from 79.1 per 100,000 of population to 16.2, excluding States in which facilities for the care of that disease have attracted patients from other areas. While climatic and other differences enter into comparisons such as these, a major underlying factor is the discrepancy in the funds made available by States and localities to carry on widely accepted public health functions needed to prevent and care for sickness within their borders. Recognition of this situation was made in the provision of Federal grants for public health and maternal and child health and welfare under the Social Security Act, administered, respectively, by the U. S. Public Health Service and the Federal Children's Bureau. At the end of nearly 8 years, however, these measures had not yet proved sufficient to remove the handicaps of wide geographic areas and certain groups in all areas.

Within localities, moreover, sickness varies according to income level. The chance for health, and even for survival, is least among the poor. The general death rate among boys and men of working age has been found to be nearly twice as high for unskilled laborers as for professional men or proprietors, managers, and officials. Wage earners in nonrelief families with annual incomes of less than $1,000 were found to have, on the average, nearly twice as many days of

disability during a year as those in families with $3,000 or more. Families on relief reported nearly three times as many days of disability per person as were reported for persons in families with incomes of $3,000 or more. Children in relief families lost nearly a third more time from school or play because of illness than those in families with moderate or comfortable means. It is of little use to argue whether sickness and premature death are more often the cause or the result of poverty; in either case, it is necessary to stop the down-spiral likely to end in demoralization and dependency.

Public health programs for the prevention and control of communicable diseases have wiped out or relegated to an unimportant place many ailments which once were leading causes of sickness and death. Success has been greatest in the acute ailments of childhood and youth. Increasing proportions of the babies born in the last half century or more have gained a chance to live to old age. Except for accidental injuries, the leading causes of death are now the slowly crippling diseases of middle age and old age, often ushered in by long periods of increasing disability. The attack on these forms of ill health cannot be made by mass methods, such as chlorinating a water supply to eradicate typhoid fever. To prevent and curb such causes of disability and death requires the highly individualized services of physicians, technicians, and laboratories. These services are necessarily expensive. They are, moreover, the forms of medical care for which American families typically pay, when they receive them, as individuals. The direction of progress in health security in the United States lies increasingly in ensuring that all groups in the population can get for the prevention and care of sickness whatever medical care they need, not only as members of communities but also as individuals.

Costs of Medical Services

The largest part of the Nation's total bill for health and medical care is paid directly by families. In 1942, government—or the population as a whole as taxpayers—paid about 20 percent of the total, exclusive of the cost of medical care for the armed forces. Philanthropy and industry combined accounted for probably not more than 5 percent of the total. About three-fourths of the total paid in a year comes directly from family pocketbooks, and of this sum a very large part is paid by the families which suffered serious illnesses. Serious sickness is likely to make inroads upon family resources through temporary or prolonged loss of earnings and increases in costs of food and household services, as well as in terms of medical bills. The major part of the support of measures for security in life and health in the United States thus falls fortuitously upon households when they are least able to pay for it. The care a family

receives depends in considerable part upon its income. Despite all the public provisions for medical care and the care given through philanthropy and the unpaid services of physicians and others, low-income families receive, on the average, much less care than those in better circumstances, though their needs for care are greater.

From the standpoint of the family which suffers serious illness, adequate medical care must nearly always be expensive. For the country as a whole, costs are not such a problem. It is estimated that about $4.5 billion was spent in 1942 in the United States for medical care and public health services. This was a very small fraction of the Nation's income. Among individual families the average outlay was relatively small, not more than 3, 4, or 5 percent of annual income. If 1942 followed the pattern of an earlier prosperous period for which detailed studies are available, low-income families, which have the greatest need for care and receive the least, spent a somewhat larger proportion of their annual income for medical services than the well-to-do.

The problem of medical bills arises from the fact that they are unlike any other basic item in the family budget. No family can set aside 4 or 5 or even 10 or 20 percent of income for a given year and know that it will be enough to meet medical bills. For the individual family, medical costs are unpredictable and largely uncontrollable. In any given year, medical needs will confront some families with economic disaster and others with a burden which can be met only by sacrifice of other essentials, but no one can predict which families these will be. Over the cycle of a generation, few households escape a year or more in which illness brings heavy or crushing costs, but none can select for sickness the year when they are best able to pay for what they need.

The Need for Security in Health

In the opinion of the Social Security Board, the lack of adequate measures to cope with sickness and disability represents the most serious gap in provisions for social security in the United States. This lack affects all areas in the country, all age groups, and nearly all income levels. Compensation for wage losses arising from temporary or prolonged incapacity to work would help employed persons and their families to maintain their financial independence when they suffer these involuntary reductions in earnings. It cannot be expected, however, that replacement of a part of customary earnings would be effective in enabling the population to meet the additional costs that are due to or associated with sickness of the worker or members of his family, or to meet needs for care which now are unmet.

Gaps and inadequacies in existing measures for public health and

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the lack of systematic provisions for assuring access to medical services for all persons who require care inevitably cast direct or indirect burdens on all other branches of the social security program. These gaps and inadequacies are reflected in costs of relief, in unemployment or under-employment—to which, in ordinary times, the worker in substandard health is particularly liable—and in earlier retirement than many persons would choose if they were physically able to continue work. The goal of full employment implies not only job opportunities but also opportunities for all to achieve and maintain the health and vigor without which the individual cannot work effectively. The Social Security Board believes that provisions for health and medical care have an important place in any comprehensive and adequate program of social security.

Financial Aspects of Social Insurance and Assistance

The great wartime increase in employment and earnings, which was concentrated in industry and commerce, caused rapid increases in the funds collected under contributory social insurance systems. Declines in applications for assistance, together with improved ability to levy or collect some of the general or special taxes used by States in financing assistance programs, resulted, in some States, in making larger resources actually or potentially available for individuals who were in need. Nevertheless, in this fiscal year as in the years preceding, the fiscal structure of social security programs in the United States rested upon bases widely varying in adequacy and margins of safety.

Social Insurance

Of the two major social insurance systems in the United States, old-age and survivors insurance under the Social Security Act is financed equally by contributions of employers and workers, together with interest paid on assets held in the old-age and survivors insurance trust fund. Administrative costs of the 51 unemployment compensation systems established under the laws of the 48 States, Alaska, the District of Columbia, and Hawaii are met from Federal grants administered by the Social Security Board under the Social Security Act. Unemployment benefit expenditures are financed by employer contributions under the laws of these jurisdictions with, in a few States, relatively small amounts of contributions by workers as well.

At the end of the fiscal year, assets of the Federal old-age and survivors insurance trust fund totaled $4.3 billion, a gain of more than a billion dollars during the year. The balances of the States in the unemployment insurance trust fund totaled $4.0 billion and represented an increase of $1.1 billion from the total on June 30, 1942. Despite the general similarity of the two sets of figures,

however, the financial situation of these two major insurance systems reflected highly different conditions.

Under a retirement system, expenditures customarily rise over a long period. In these first years of old-age benefits under the Social Security Act, only a small proportion of the persons who reach retirement age in a given year have had an opportunity to acquire the wage credits which are necessary to qualify them for benefits. On the other hand, substantially all wage earners in industry and commerce and their employers are making contributions to the system toward benefits which will not be payable for some time, in some cases as much as 40 or 50 years. There is less cumulation of deferred obligations under the survivors insurance provisions of the act, because deaths occur at all ages and the dependents of an insured worker may be able to claim benefits when he has had as little as a year and a half of covered employment immediately preceding his death and because the maximum period of payments to children is 18 years. Here also, however, the recency of the establishment of the system results in somewhat lower benefit expenditures, in relation to the contributions received in a given year, than are to be expected at later periods.

Part of the increase in retirement benefits which would have been expected by the end of the fiscal year in ordinary times had failed to materialize because of the wartime opportunities for employment. It is reasonable to suppose that many aged insured workers will have to give up their jobs when the war is over and younger men and women come back to private employment from the armed forces and other public wartime services. The current increase in covered employment, moreover, is making it possible for some persons who otherwise could not have done so to gain wage credits which will entitle them to benefits in the near or more distant future, while others are increasing the potential amounts of their benefits. A sharp rise in benefit expenditures is to be expected when the war ends, though the extent of that rise is limited by the character of the system, since in any particular year only a small part of the population is called upon to face the loss of earnings through the old-age retirement or death of the wage earner.

The financing of State unemployment compensation systems is based on the general premise that over the swing of a business cycle the contributions paid into a State's account will approximate withdrawals from the fund for benefit payments. Under provisions of the Social Security Act, each State system accumulated an initial reserve from at least 2 years' contributions before its first benefit payments were made. More than half the States began to pay benefits in 1938. As a result of the business recession in the latter half of 1937 and the first part of the following year, many workers who were un-

employed in these States did not have sufficient wage credits to qualify for benefits. State systems under which payments began in 1939 have not yet faced a period of serious unemployment. Thus, from the fiscal standpoint, the period in which unemployment compensation laws have been in operation in this country has been relatively favorable as a whole. During the past fiscal year, wartime activities have forced unemployment to the lowest levels on record.

In certain circumstances we may expect that large and sudden drains on the assets of the State systems will come at the end of the war. The high level of current earnings and employment has increased both the amounts and the duration of benefits to which workers will be entitled, by and large, if the inevitable changes and dislocations in industry throw them out of a job. Most States, moreover, have acted to protect former workers who are now in the armed forces by "freezing" their benefit rights so that they too may be able to draw benefits if, on demobilization, they cannot at once get work.

In terms of past experience, the $4.0 billion held in the State accounts in the trust fund would seem adequate—under existing benefit provisions—to cope with even unusual demands. There are two reasons why such a conclusion is not warranted. Aggregate payments in past years have been low because the Nation's economy was on the upswing of the business cycle and because benefit provisions were limited. Moreover, the accumulated $4.0 billion is not available to deal with unemployment wherever it occurs. The total is divided among 51 separate State accounts, each of which must bear the full weight of unemployment within its State. Among the States there are wide differences in the protection afforded unemployed workers, in the extent of the economic dislocation which may come at the end of the war, and in the relative amounts accumulated to meet such costs. There is no doubt that the reserves of the States will differ greatly in adequacy to meet their needs.

The amounts in State reserves for unemployment benefits have been affected increasingly during the war by rising employment and wages, on the one hand, and, on the other, by decreases in the contribution rates actually paid by employers under State laws. The Federal Unemployment Tax Act makes a uniform levy of 3.0 percent of pay rolls on all subject employers. Against this Federal tax, employers may offset as much as 2.7 percent of pay rolls for the contributions they have paid under State unemployment compensation laws or the contributions from which they have been excused through the operation of the experience-rating provisions of these laws. As experience-rating provisions have come into operation, however, differences have developed in the average rates of employer contributions in different States. The average yield from employer contributions in 1941 ranged from 1.3 percent to 2.6 percent of pay roll in the 17 States where ex-

perience-rating provisions were in operation, and was 2.1 percent for these States as a group. Among the 34 States using such provisions in 1942, the range was from less than 1 percent to 2.7, and the rate for the group was 1.7 percent. About the same rate of yield may be expected in 1943 for the 40 States which now have experience rating in operation. Aggregate receipts of the State accounts in 1941 were $58 million below what would have been obtained by a uniform 2.7-percent rate. In 1942 the loss was nearly $293 million.

Thus, over the major part of the country, the rate of contribution has declined at the very time when employment and pay rolls are at record levels and when it would be easiest to build up reserves commensurate with the great future liabilities that are being created. Nor can present losses be regained if business declines. Then shrinkage in pay rolls would require substantial increases in tax rates at a time when business could least afford increased burdens. In many instances, the establishments which have gained the most through wartime activities will have contributed the least toward meeting claims on unemployment funds when they must cut down or shut down with the discontinuance of war contracts. Thus the war is accentuating inconsistencies already inherent in experience rating. This situation has been recognized by 10 States which have passed laws to increase, for the duration of the war, contribution rates of employers whose pay rolls have risen markedly. In many of these States, however, the additional revenue obtained from war-risk contributions will hardly offset losses from the operation of experience rating.

Employer contributions for old-age and survivors insurance represent a uniform percentage of taxable pay roll for all concerns, large and small, in which one or more workers receive wages subject to the tax. The offset provisions of the Federal Unemployment Tax Act were intended to avert unfair interstate competition among employers of eight or more persons by imposing the uniform Federal tax against which employers could credit their State contributions; it was believed that smaller concerns were not likely to be engaged in interstate business. The effect of the diverse experience-rating provisions of the State laws, however, has been to impose highly different burdens on employers in the same line of business when their establishments are in different parts of the country, even though their experience with unemployment has been the same. The relation between contribution rates and the amounts of benefits charged to individual employers' accounts places a premium on use of disqualifications and other methods to curtail payments to unemployed workers and tends to penalize employers in States without experience-rating provisions which attempt to strengthen and improve their benefit standards.

Both the wartime economy and the situation for which the country

must be prepared at the end of the war emphasize the view held by most economists—that the causes and control of unemployment lie beyond the control of individual employers and beyond controls which can be exercised within a State. The present methods of financing unemployment benefits raise serious doubts as to the capacity of the Federal-State system to protect workers adequately and to distribute the cost of unemployment with equity to employers, workers, and the population as a whole.

Public Assistance

While tradition and public policy are important in determining a State's expenditures for public assistance, a major cause of differences in the coverage and adequacy of measures for assistance is the variation among the States in economic capacity. The best single index of this variation is State per capita income. Though wartime activity has improved income levels in all States, the relative differences continue to be great. In 1942, income payments to individuals represented $852 per capita of the population of the continental United States. There were 12 States in which per capita income was more than $1,000, and 12 in which it fell below $600. The range was from an average of $407 per person in the State which had least to $1.352 in the richest State, a difference of more than three to one. The States where per capita income was low were, as would be expected, those which collect relatively small amounts in State and local taxes. In 1941, total State and local tax collections represented $69 per capita of the population as a whole. The range among the States was from $26 per capita to $117.

Federal grants under the Social Security Act for the special types of assistance can only match, within stipulated limits, the amount the State and its localities make available for these programs. In 1942, Federal expenditures for these three programs represented as little as 56 cents per capita of the population in Alabama and, at the other end of the scale, as much as $8.60 in Colorado. Thus there are large differences in different parts of the country in the extent to which needy old people, children, and the blind actually share in the Federal support which Congress hoped to provide for them under the Social Security Act. An important factor in keeping needy persons from receiving aid equivalent to that provided elsewhere for those in similar circumstances is the uniform-matching provision of the Federal act. The Board believes that this method of financing cannot be expected to result in adequate standards of assistance.

Since general assistance depends wholly upon State and local resources, and in large part on the latter, there is, as would be expected, a still wider range in the relative amounts of aid provided in different parts of the country. In 1942, expenditures for general assistance

in four States represented more than $2 per capita, while in eight the reported per capita expenditure did not exceed 15 cents. The narrowness and relative inelasticity of the property tax, which provides the largest part of local funds for general assistance, and the restrictions of coverage which typically accompany local administration and financing are particularly serious in the light of potential changes in the war and post-war economy.

A Basic Minimum Program of Social Security

The purpose of a comprehensive program of social security is simple. Basically, it is to enable the working population to maintain economic independence throughout the cycle of family life by distributing the return from labor over the periods in which breadwinners can earn and those in which they cannot; at any one time, contributions made by the many who are subject to the risk are available to compensate the relatively few who at that time are suffering its impact. In addition, there must be systematic measures to assure the subsistence of persons who have not been able to share in social security provisions based on work or who have met with extraordinary individual catastrophes.

It is not the aim of social security to provide a lifetime bonus. Social insurance represents, rather, a safeguard against economic hazards besetting the long road of self-support and family support, which is arduous and risky for most in any working generation. Among workers, as among a party of mountain climbers, some at any moment will have a secure foothold, while others, except for the safety rope, would slip to disaster. Some persons in each generation are not able to share in gainful work while some others at any given time will not have acquired an insurance stake commensurate with their individual needs. For these, public assistance, representing the effort of the entire population, provides a secondary safeguard to the maintenance of personal and social integrity.

The major functions of a program of social security are therefore to cope with wage losses arising from the interruption or cessation of earnings and to remedy deficiencies in the personal resources of individuals who lack the means of subsistence. Rights to insurance stem from the individual's previous participation in work; rights to assistance, from his current need. Since capacity and opportunity to work are the foundation of both individual and national security, public measures to prevent and care for sickness and to assure access to jobs are essential to organized programs of social security.

The existence of opportunities for work is governed, of course, by basic economic factors beyond the scope and control of the social security system. Insurance and assistance payments facilitate the

smooth and orderly operation of economic forces by augmenting purchasing power when and where it is most needed. A comprehensive and flexible system of social security thus enables individuals, and aids communities and the Nation as a whole, to adjust to the changes and dislocations which are inherent even in progress. When disaster threatens, the system is all the more necessary.

Progress under the Social Security Act has been more substantial than its proponents would have dared to predict 8 years ago. The provisions of law and the process of administration have been tested through an arc of widely differing economic conditions in years of depression, recovery, and war. The objectives of the program have been found in accord with the traditions and desires of the American people. Nearly all the principles incorporated in the original law and the 1939 amendments have proved sound and workable. On the other hand, certain minor provisions have been found cumbersome or defective, and experience has demonstrated one major fault in the design of the program. Certain gaps in its provisions, recognized and postponed for later action by those who were responsible for the formulation of the program, have become increasingly evident as it has developed.

No one can doubt that victory will bring sharp and sudden changes in all the factors in American life with which the social security program is concerned. Whether that time comes sooner or later, it is now none too soon to design and implement the social security provisions which will be needed during the demobilization of war industry and the armed forces, later readjustments to peacetime conditions, and the more remote future. If the program is to fulfill the anticipations and expressed desires of those who look to it—on battle fronts abroad and in homes and factories within our own borders—such consideration is needed now. The following pages outline in brief and general terms the areas in which, in the opinion of the Board, the program must be extended, changed, or implemented if it is to play its part now and in the years just ahead.

Social Insurance

A comprehensive system of social insurance would include provisions to compensate part of the involuntary loss of earnings experienced by the working population for any common reason beyond the control of individual workers. Such reasons may be grouped into those which cause prolonged or permanent loss of earnings—old age, death, and permanent disability of the wage earner, and those which cause more or less temporary interruption of earnings—unemployment and sickness. An approach to both types of risks is made under the Social Security Act through the provisions for old-age and survivors insurance and for unemployment compensation. In the opinion of the

Board, the existing measures need revision and extension. The act contains no provision for offsetting wage losses due to sickness and disability except those incurred in old age.

Old-age and survivors insurance.—The fundamental limitation of this Federal insurance program is its restriction of coverage, the extent and character of which have been outlined in earlier pages. The Board believes that the wartime situation gives particular urgency to its recommendation that coverage be extended to agricultural workers, domestic workers in private homes, employees of nonprofit organizations, and self-employed persons. The high levels of current employment and earnings now would make it possible for many workers to pay contributions and thus gain insurance rights which they may not be able to acquire in future years, in particular the older workers who may be in need of retirement provision when the war ends and younger men return to civilian life. Extension of coverage would not entail serious administrative difficulties. For appropriate groups, it might be effective to use a stamp system, under which employers purchase stamps at post offices or from rural mail carriers to place in a book which evidences the contributions made by workers and employers. Extension of the basic protection of old-age and survivors insurance to public employees—Federal, State, and local—would also be feasible and would round out insurance protection of survivors, now lacking to nearly all these employees, and provisions for old-age retirement, now unavailable to many, and would assure continuity of rights. Extension should be made in such a way as not to endanger any rights of these workers under existing special systems and to increase, not lessen, the total insurance protection available to them.

An immediate problem related to coverage arises from the situation of the millions of persons now in the armed forces. Because of the eligibility provisions and the method of computing benefits under the program, the insurance protection which servicemen and women may have acquired before their induction will be partly or wholly used up, and the amount of potential benefits payable to them or to their survivors will diminish. Servicemen and women have protection against death while in service, or after service from service-connected causes, in the form of benefits provided under veterans' legislation; in some cases, survivors of veterans who die while in service will be eligible for both veterans' benefits and old-age and survivors insurance benefits. After discharge from service, however, many veterans will be without any survivorship protection in the event of death from non-service-connected causes. The problem with respect to veterans who live to retirement age is less acute, since very few who leave military service after the war will be ineligible for old-age and survivors insurance benefits because of their military service, and, though benefit amounts will be somewhat reduced in all

cases, the amount of the reduction will be small. Moreover, the great majority of the present members of the armed forces will not reach retirement age for many years. As a solution to the problems with respect to the armed forces, the Board recommends the adoption of provisions which will equitably protect potential insurance rights developed before entrance into the armed forces and which will give equitable wage credits based on periods of national service in lieu of private employment. Such provisions should be accompanied by appropriate arrangements to reimburse the insurance system out of general funds of the Treasury.

The Board is also prepared to offer recommendations with respect to changes in the present program which would strengthen its protection and remove certain anomalies, inequities, and administrative complexities. Among changes to improve adequacy are those which relate to the age at which benefits become payable to women, the amount and conditions for payment of parent's benefits, the conditions for payment of lump-sum death benefits, the maximum amount of all benefits payable with respect to the wages of an insured worker, and the recomputation of benefit amounts after an application for primary benefits has been filed.

Since wives are ordinarily younger than their husbands, the qualifying age of 65 for receipt of a wife's benefit often works hardship on aged couples when the husband must or wishes to give up work on reaching retirement age, while the benefit for his wife is not payable until several years later. There is little doubt that the proportion of women who are unable to engage in regular employment at age 60 is larger than the proportion of men at age 65. A minimum qualifying age of 60 years, rather than the present 65, would therefore be desirable for wives of primary beneficiaries, for women workers who claim benefits in their own right, and for widows of insured workers.

At present, benefits to children aged 16 and 17 must be suspended if the child fails to attend school regularly and attendance is feasible. Since ordinarily it is found that school attendance is not feasible for the older children who are not in school, the Board recommends deletion of this requirement, which results in a large number of fruitless investigations.

Unemployment insurance.—The course of events since Pearl Harbor has emphasized what had become increasingly evident in prior years—that employment and unemployment are no respecters of State lines. When the social security program first came under discussion, it was argued that establishment of State systems for unemployment compensation would afford an opportunity for experimenting in different types of unemployment insurance and for adapting State systems to the widely varying economic conditions of the different

States. It was also pointed out that the Federal-State system itself should be regarded as an experiment. Both the present world situation and the results of 4 years' full operation of all State programs now make it urgent to evaluate experience.

Serious administrative complexities are inherent in the present basis of operation because of the duplication of effort on the part of various Federal and State agencies concerned with the collection of contributions and maintenance of wage records for social insurance purposes. The multiple system of tax collection is unduly costly in terms of public expenditures and expenses of employers for tax compliance. Nearly all establishments are subject to Federal contribution for old-age and survivors insurance, the Federal unemployment tax, and contributions under one or more State unemployment compensation laws. On the other hand, some small employers are not subject to the Federal unemployment tax, though liable for Federal old-age and survivors insurance contributions and unemployment contributions under State law. A few are subject only to the last and not to any Federal tax. When an employer is taxable by both Federal and State governments, the respective coverage does not necessarily relate to the same employees or the same amounts of wages. An interstate employer may be required to make reports to several different States on different forms, under different instructions, and at different rates. He may not be sure in which State a worker is covered. Triplicate tax collections must be made—by the Federal Government for the two Federal insurance taxes and by the State unemployment compensation agencies. Duplicating wage records are necessarily maintained by the Federal Government for purposes of old-age and survivors insurance and by the State unemployment compensation agencies.

Difficulties and conflicts in administration also result from the present division of responsibilities for unemployment insurance between the Federal Government and the States. Federal grants to States under the Social Security Act supply the total costs of "proper and efficient administration" of State laws. The State agency is responsible for administering the State law; it spends Federal money without responsibility for providing the funds. The Social Security Board must ascertain that the funds have been used in accordance with the terms of the Federal law, yet it lacks authority to prescribe methods which have proved economical and efficient without infringing on the responsibility of the State. Appropriate discharge of the responsibility of one agency almost inevitably conflicts with the responsibility possessed by the other.

Of greater importance is the increasing evidence that the Federal-State system results in great diversity in the protection afforded against the risk of unemployment. Development of unemployment

insurance under the 51 separate laws of the States and Territories has resulted in serious discrepancies in the adequacy of the provisions for unemployed workers in various parts of the country. It has also resulted in a segregation of insurance reserves under which there is a possibility that some States may become insolvent while other States have unnecessarily large reserves. The variations in contribution rates now permissible under the Social Security Act through State provisions for experience rating place disproportionate burdens on employers in interstate competition and set a penalty on the efforts of any particular State to improve its benefit standards and a premium on measures to restrict payments to workers.

In the opinion of the Social Security Board, these and other discrepancies, complexities, and lacks in the existing Federal-State program all lead to a single conclusion—that the origin and character of mass unemployment and of measures to combat it are such that responsibility for unemployment insurance cannot safely be divided among 51 separate systems. Evidence accumulates daily on the extent to which the tides of employment and unemployment are governed by Nation-wide or world-wide conditions. The conditions of employment within the United States are and will be governed largely by circumstances which only the Federal Government can influence—for example, policies concerning the cancelation of war contracts and demobilization of the armed forces. Because of the differences in size and economic structure, the States are not equally sound financial units for unemployment insurance purposes. To ensure payments of benefits to qualified unemployed workers in any part of the country, reserves segregated in 51 funds must be far larger, in the aggregate, than would be necessary if the total were available to pay benefits wherever the claims originated.

The early discussion of adapting unemployment insurance to the particular conditions of a State overlooked the fact that variations in wage scales, types of industry, risks of unemployment, and other important factors are at least as great within States as among the 51 jurisdictions participating in the present program. A national system under which benefits are a proportion of wages, as is the case under the Federal old-age and survivors insurance system, effects an automatic adjustment of benefit payments to differences in pay scales in different areas. Present differences among the States in coverage, benefit provisions, and assets available for benefits bear little consistent relation to underlying economic differences.

The Board therefore is of the opinion that administration of unemployment insurance should be made a Federal responsibility in order to gear unemployment compensation effectively into a comprehensive national system of social security. Only Nation-wide measures to counter unemployment can be effective when the need arises

for swift and concerted action to harmonize insurance activities with national policy during the change-over of our economic system to peace. At that time, any need for quick and unforeseen changes obviously can be met far more effectively by Nation-wide policy and by a single act of Congress than through the action of 51 administrative agencies and the necessarily cumbersome process of amending as many separate laws.

Even if the special stresses of post-war years were not impending, the Federal-State basis of the unemployment compensation program would have merited reconsideration and revision at this time. The actual course of its operation during a relatively favorable period of years has given no indication, in the opinion of the Board, that it possesses the advantages which it was hoped thus to achieve; on the contrary, experience has marshaled impressive evidence of its flaws and shortcomings. Incorporation of unemployment insurance in a unified national system of social insurance would result, the Board believes, in a program far safer, stronger, and more nearly adequate from the standpoint of unemployed workers and the Nation, and would permit more economical and effective methods of administration.

Losses and costs of disability.—Loss of earnings from permanent and total disability has been widely accepted in other countries, and under retirement plans in this country, as a risk paralleling loss of earnings in old age. The worker who is permanently disabled in youth or middle age is in very much the same situation as the worker incapacitated by age, except that his need for insurance may be even greater because he has had less time to accumulate savings while his responsibilities for family support are likely to be greater. The Board recommends that insurance against permanent total disability be incorporated in the Federal system of old-age and survivors insurance and extended to all covered by that system under provisions, including benefits to dependents, which would follow the general pattern of this Federal program.

Cash benefits for temporary sickness and the early period of disabilities which may later prove permanent would strike at another serious cause of poverty and dependency. The Board believes that such provision is a feasible and needed adjunct to the social security program. Compensation of disability would be most effective and also most readily administered if provisions for both types of benefits were coordinated, so that the worker who had received the maximum number of weeks of benefits for temporary disability and was still incapacitated could continue to receive compensation, with appropriate adjustment of levels of benefits to the duration of disability. A unified system of disability compensation merits careful consideration.

Costs of medical care, as has been pointed out, are a peculiarly appropriate field for insurance provisions, since the problem does not

lie in the average annual cost but in the uneven and unpredictable incidence of a risk to which nearly all the population is subject. These costs, as well as losses of earnings, constitute an important direct factor in causing dependency. Moreover, there is impressive evidence that the barrier of currently meeting costs of medical care keeps many individuals from receiving services which might prevent or cure sickness and disability and postpone death. From the standpoint of the general welfare and of safeguarding public funds for insurance, assistance, and public services provided in dependency, the Board believes that comprehensive measures can and should be undertaken to distribute medical costs and assure access to services of hospitals, physicians, laboratories, and the like to all who have need of them. For all groups ordinarily self-supporting, such a step would mean primarily a redistribution of existing costs through insurance devices. It should be effected in such a way as to preserve free choice of doctor or hospital and personal relationships between physicians and their patients, to maintain professional leadership, to ensure adequate remuneration—very probably, more nearly adequate than that in customary circumstances—to all practitioners and institutions furnishing medical and health services, and to guarantee the continued independence of nongovernmental hospitals.

A comprehensive unified system of social insurance.—The present recommendations of the Board would result in the establishment of a single comprehensive system of social insurance with provisions for compensating a reasonable portion of wage losses due to unemployment, sickness and disability, old age, and death, and a considerable part of the expense of hospital and medical services. It is believed that all these types of insurance should include specific provisions not only for the insured worker himself but also, as is now the case in old-age and survivors insurance, for his wife or widow and his dependent children. The system should cover all persons who work for others, including the large groups of agricultural and domestic workers now almost wholly without social insurance protection and, except probably for unemployment compensation and temporary disability insurance, farmers and other self-employed persons. It is difficult to extend insurance against unemployment or temporary disability to self-employed persons, because of the problem of determining whether interruption of work has resulted in loss of income.

A unified system which is comprehensive with respect to both the risks and the population included would close the gaps and obviate the overlaps that result from variations and restrictions in the multiplicity of existing Federal, State, and local provisions for social insurance purposes. This result would be of special importance not only in ensuring protection for workers who now lack any insurance coverage, but also for improving the levels of benefits for those whose

employment has been partly outside the coverage of a given system and those whose covered employment has been interrupted by periods of unemployment or disability. It would be feasible to remedy the disparities and inequities in benefits of different types, gearing all benefits to levels of earnings and presumptive requirements, with respect both to the short or long-term character of the risk and the worker's family responsibilities.

A comprehensive national system, moreover, would make possible much greater simplicity and economy in operation. One system for collection of contributions would suffice. One employer report and one set of wage records would supply the information needed for computation of benefits. One local administrative office could maintain contacts with workers, claimants, and employers, with respect to all the types of insurance. Administration of such a system should, in the opinion of the Board, be decentralized, with advisory councils and appeals boards in the several States.

The costs of a comprehensive system are not great in relation to the return to be anticipated in national and individual protection and the alternative costs now borne directly and indirectly by individuals, employers, and the general public. For at least the first decade, the current cost for all types of the benefits mentioned above would be more than met by a rate of 12 percent of covered earnings for employers and employees combined, as compared with the combined standard rate of 7 percent payable by employers and workers for insurance programs under the Social Security Act beginning January 1944. If the total is divided equally between employers and workers, there would be an increase from 5 percent to 6 percent in the basic employer rate and from 2 percent to 6 percent in the rate for employees. The 4-percent increase for employees does not exceed the present average annual cost of medical care among wage-earning families, without allowance for the uncompensated wage losses they experience from such causes and other contingencies for which the system would provide. When account is taken of the increases already scheduled in the Federal Insurance Contributions Act by 1949, the proposed 12 percent would mean no increase in employer rates and an addition of 3 percent of wages for employees. If all employees were covered and, except for unemployment and temporary disability insurance, all self-employed persons, future costs of public assistance would be considerably lightened.

Since a rise in current expenditures for old-age and survivors benefits is to be anticipated for some decades to come and a similar cumulating increase would occur in long-term benefits for permanent total disability, the rate of 12 percent may become insufficient after a decade or more to meet total benefit expenditures under such a program. The

Board recommends that any costs in excess of 12 percent should be met by a Federal contribution to the system, and that eventually employers, workers, and the Federal Government should each bear one-third of the cost.

The Board believes that social insurance is essentially national in character. In the course of a working lifetime, many individuals move from State to State. Congress determined that the maintenance of lifetime records of earnings, among other considerations, pointed to the desirability of a national system of old-age and survivors insurance. Similar problems would be involved in the long-term risk of permanent total disability. Experience in the operation of the Federal-State unemployment compensation system has made it clear that protection of current-risk programs is weakened by segregation of separate State funds and that administrative complexities and costs are increased by the existence of separate State systems. Since the cost of social insurance is met in considerable part from pay rolls, the presence or absence of particular insurance programs and differences in the rates of contributions for existing programs both serve to create unfair interstate competition when programs are on a State basis.

The Board is not unmindful that the program here proposed would entail modifications of many existing arrangements for social insurance and related programs as well as the establishment of new mechanisms in areas where none now exists. It has given study and thought to many of the particulars which would be involved in implementing this plan or some modification of it, and is prepared to offer more specific information and recommendations should these be desired by the Congress.

Public Assistance

In public assistance, as contrasted with social insurance, the Board believes that there is a strong presumption in favor of State programs. The costs of assistance are met from general revenues, rather than on the basis of pay rolls, and payments are made on the basis of current individual need. Since, however, the Federal Government shares assistance costs under the Social Security Act, it must be concerned that the basis and extent of Federal participation are such as will effect the purpose of the social security program.

Special types of public assistance.—The most serious lack in operations under present provisions of the Social Security Act is that evidenced by inadequacies of assistance in many collaborating States. A major factor underlying this situation, as has been pointed out, is the uniform-matching basis of Federal grants for the needy aged, children, and the blind, in combination with the inequalities in State resources for assistance. The present basis of Federal financial participation has not served effectively to diminish State differences in the

availability of assistance to needy persons; at its worst, it has heightened these differences in some respects. The Board therefore recommends consideration of a variable-matching basis, under which the Federal grant-in-aid would cover more than half the total cost in States which themselves have only small economic resources.

The studies made by the Board during the past 8 years lead to the conclusion that State per capita income, as indicated in annual estimates now prepared regularly by the Federal Government for other purposes, affords a reasonable basis for objective measurement of State differences in economic and fiscal capacity. It might be found feasible, for example, to continue the Federal grant at 50 percent of expenditures under an approved State assistance plan for States in which per capita income is at or above the national per capita. When average income in a State is below the national average, the Federal grant to the State might be increased accordingly. For example, if per capita income in a State is only half that in the country as a whole, the Federal share in assistance costs might be twice that of the State.

It would be appropriate to require, as a condition of Federal grants, that the States themselves make similar adjustments among localities which share assistance costs under Federal-State programs. The Board also believes that it would be reasonable to require, as a condition of approval of the State assistance plan, elimination of State residence requirements for recipients of assistance. Legal settlement in a locality has long been a characteristic condition of eligibility for older forms of public aid since, typically, all costs of relief were met by localities. The Social Security Act specifies maximum State residence requirements which may be imposed in a State plan that is approved by the Social Security Board, and that some State funds be provided even though there is local financial participation. If an increased part of the total assistance cost is borne by Federal funds, it would seem reasonable to eliminate State residence requirements.

Among the three assistance programs now maintained under the Social Security Act, the gravest inadequacies are in aid to dependent children. Studies of the Board lead to the conclusion that need among children is at least as great as that among the aged, while aid actually given for children is only a fraction of that for the aged in terms of either the number of recipients or the total amounts. Serious limitations in the availability of Federal funds for needy children arise under two conditions of the Federal act: the restriction in the situations in which Federal matching funds may be used and in the amounts of individual payments to be matched. The Social Security Board recommends that Federal funds under the Social Security Act be available for use under approved plans for children

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who are needy for any reason whatever, not merely, as at present, for those who have been deprived of parental care or support by reason of the death, absence, or incapacity of the parent. The Board also recommends elimination of the Federal maximums, under which matching Federal funds now can be used only within the limits of $18 a month for the first child and $12 for each additional child aided in the same home. States may and do provide larger amounts when they are able; in the latter half of 1942, total Federal funds for aid to dependent children represented only 67 cents per dollar of total State and local funds, in contrast to 99 cents for old-age assistance and 92 cents for aid to the blind. The limitation of Federal matching, however, has restricted aid to children in States which have been unable or unwilling to assume the whole cost of adequate payments; in many instances, these are the States with only small resources and relatively large numbers of children in their population.

At the present time, matching funds may not be used in payments to needy children aged 16 and 17 unless the child is attending school regularly. The Board believes that the requirement of school attendance should be eliminated. Suitable schools for older children are lacking in some areas, and for other reasons school attendance may not be feasible or even desirable.

Under all three assistance programs a serious lack arises from the fact that matching Federal funds may not be used to meet costs of medical care given to recipients, except as such costs can be included in the monthly payment to the recipient without restriction of any part of that payment for this particular purpose. The unpredictability and unevenness of medical costs and the maximum on the amount of Federal matching, as well as the limitations of State resources, necessitate a more flexible method of meeting medical needs of persons receiving assistance. In many instances, such care might aid recipients in regaining self-support and thus lessen or obviate their need for continued assistance; about one-third of the children accepted for aid are in need because of the physical or mental incapacity of the parent, and about one-fourth of the persons receiving aid to the blind in the 20 States for which this information is available could profit by some type of medical treatment to improve or conserve vision.

The Board recommends that matching Federal funds be made available to pay medical agencies and practitioners for the costs of medical services and supplies provided for recipients of assistance. Federal reimbursement might well be based on combined costs incurred within a State for medical services to recipients under all assistance programs. If arrangements are adopted for medical services to be provided through a comprehensive social insurance system, State assistance agencies could collaborate effectively with the

insurance authorities by making equitable payments so that these services would be available to assistance recipients under whatever arrangements had been developed with physicians, hospitals, and others to furnish services for the insured population.

General assistance.—General assistance is now the only financial recourse for needy incapacitated adults other than the aged and the blind and for families which depend upon marginally employable persons, whose earnings are insufficient to meet unusual strains on family income and whose rights, if any, to unemployment benefits are usually meager. It is used to meet many types of need arising from inadequacy of individual payments for the special types of assistance, gaps in the coverage of social insurance programs or inadequacy in the amount or duration of individual benefits, and risks for which there still is no insurance provision. At present, general assistance is administered by some 10,000 local units and, in considerable part, from only local resources.

Any decline in levels of employment may be expected to squeeze out the workers with the least skill and experience and hence the least likelihood of having insurance rights or savings. Wartime activities have been developed in many areas which are without local resources to meet the needs of families and individuals who would be stranded by any curtailment of these activities. Other communities which have benefited little from present economic conditions will be called upon to meet the needs of families stranded elsewhere without jobs or returning without funds to weather the period of readjustment. The present financial structure of general assistance in the United States and the legal and administrative arrangements which necessarily have been erected on this structure have proved unable to cope with demonstrated needs in many parts of the country.

The Board believes that Federal participation in general assistance, through matching Federal grants to the States under certain general conditions such as those provided for the special types of assistance, would go far toward remedying present deficiencies and toward effecting a unity and flexibility in public assistance as a whole which will be needed in coming years and the more distant future. It therefore is recommended that such grants be authorized under the Social Security Act.

The Need for Present Action

The security of a people rests upon all measures which enable individuals to live out their lives with personal satisfaction and independence—both those which protect the integrity and progress of the Nation as a whole and those which assure individual opportunities for health, education, work, and personal freedom. The

area of responsibility delegated to the Social Security Board is a small, though basic, part of this whole. The proposals here outlined represent, in turn, a practicable minimum basis for equipping our social insurance and public assistance programs to play their part in the years just ahead.

It goes without saying that the American people prize most the security wrung from work and individual effort. Such effort and public and private action to assure the utmost expansion of work opportunities have been assumed throughout the preceding discussion as the foundation of all systematic measures for social security. These measures constitute, on the one hand, a device to aid the orderly progress of economic development and, on the other, a means of caring for economic casualties. It would be as unrealistic to assume that such casualties will be lacking in the better peace we hope to achieve after this war as it would have been to send out our armed forces without provision for the men who are wounded or become sick or disheartened under the stress of battle. As in a campaign of war, so in the campaign against insecurity it is not always possible to tell just where or when the greatest stress will come. We do know, however, the nature of the dangers which confront us and the general character of the weapons we can bring to bear against them. To fail to have such weapons in readiness is to invite needless suffering and disillusionment among the millions in our fighting forces, our factories, farms, mines, shops, and homes.

In the opinion of the Board, the present time is singularly auspicious for strengthening and extending our system of social insurance and assistance. With employment and earnings at record levels, millions of workers can and want to contribute toward making better provision for future contingencies in the form of social insurance against sickness, disability, unemployment, and old age. For many older workers, such an opportunity may not come again. The additional savings which workers could make now in the form of social insurance contributions are of particular importance, since for those who suffer the risk, the protection of insurance is far greater than that which they can make for themselves through individual savings, while all have potential protection. By creating a reservoir of future purchasing power, to be drawn upon where and when it is needed, the extension of social insurance to additional groups of workers and additional risks would add substantially to the Nation's resources for weathering the inevitable readjustments of the post-war years. At the same time, increases in insurance contributions would lessen current inflationary pressures. The adjustment to higher contribution rates on the part of employers can be made far more readily now than at any time during the past decade and more or, so far as can be foreseen, in the years just fol-

lowing the war. A unified social insurance system would provide a comprehensive and flexible means of coordinating policy and action in this field with other governmental measures and with national programs of business and industry in effecting the transition to peace. It would make it possible for workers and employers to underwrite future contingencies which otherwise will have to be met, in many cases, through emergency aid.

At the same time, provisions to ensure adequate assistance to persons in need are urgently required. It is not now available in all parts of our country in even this period of wartime activity, and the end of the war may find many States hard-pressed to alleviate distress in communities and among groups whose way of life is suddenly changed. The recommendations of the Board envisage, primarily, methods of helping to improve levels of assistance in States which have small economic resources and to give the assistance program a needed flexibility through Federal grants to States for general assistance. These measures, the Board believes, are a necessary adjunct to even a comprehensive and well-established social insurance system. They are the more necessary in view of the fact that, at best, a considerable part of our population has had little or no opportunity to acquire any insurance rights to cover the economic risks common among workers' families, while the post-war readjustment will bring many additional problems.

It was not until 4 years after the Social Security Act became law in 1935 that unemployment insurance was in effect in all States in the Union, and more than 4 years before the first old-age benefits were payable. Wage records had to be set up, reserves accumulated, and an administrative organization established. After some 8 years, not all States yet have all three assistance programs in operation. The process of establishing social provisions which affect the lives of millions of people is necessarily slow if progress is to be sound, well-considered, and economical. At the present time, the social security program is the richer for the past years of effort and has resources in experience, training, organization, and methods tested by actual operation. Even so, however, it will take time to effect whatever provision the Congress finds desirable to correct past deficiencies and strengthen the program to meet future stresses. Whether one believes that the war will end in one year or five, the time in which to build a stronger system of social security is short in view of the character of the changes and readjustments we confront as individuals and as a people.

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Insurance and Assistance Under the Social Security Act

Old-age and survivors insurance under the Social Security Act is far more comprehensive in coverage than any other public program in the United States for social insurance protection. Because this system is relatively new, however, payments in June accounted for only a minor part of total payments to retired workers and to the survivors of workers covered by social insurance and related public measures. Apart from the much smaller Federal system for railroad workers, the only significant unemployment insurance program in the United States is that established under the Social Security Act and approved State laws. Likewise, public assistance provided under the Social Security Act by the Federal Government and collaborating States represented at the end of the fiscal year nearly seven-eighths of all public aid in the United States.

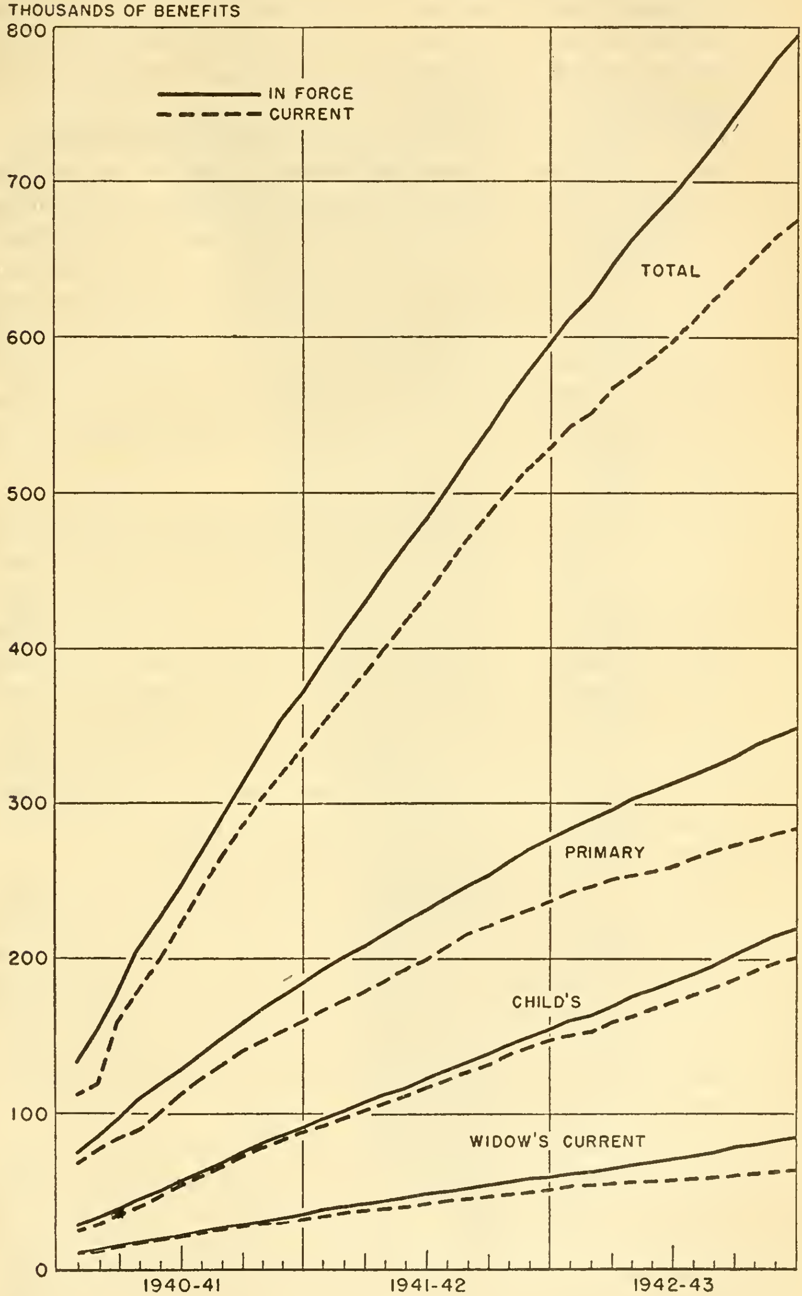
Social Insurance in 1942–43

Total benefit payments under Federal old-age and survivors insurance in the fiscal year 1942–43 continued the rise to be anticipated at this early stage in the development of the program, though the increase of one-third from the preceding year was less than would have been expected under peacetime conditions. Total benefit payments under State unemployment compensation laws were less than half the amount in 1941–42. Under both programs there were large increases in the volume of covered employment and contributions.

Insurance Beneficiaries

Old-age and survivors insurance.—At the close of the fiscal year 1942–43 monthly benefits were in current-payment status for 676,000 beneficiaries, of whom 284,000 were workers who had retired from covered employment at age 65 or over; 84,000 were wives aged 65 or over of these retired workers; 202,000 were young children of retired or deceased insured workers; 38,000 were widows aged 65 or over and 65,000 were younger widows with young children of deceased workers in their care; and 3,000 were aged parents who had been dependent upon deceased workers leaving no wife or child. Of the beneficiaries who received monthly payments in June, 44 percent were survivors of deceased workers, 42 percent were retired workers, and 14 percent were receiving supplementary benefits as aged wives or young children of retired workers. The total number of monthly beneficiaries who

Chart 10.—*Number of old-age and survivors insurance benefits in force and in current-payment status, by type of benefit, July 1940–June 1943*



received payments was 28 percent higher in June 1943 than in June 1942; the number of retired workers and supplementary beneficiaries had increased only 19 percent, while the rise in the number of survivor beneficiaries was 41 percent. Lump-sum payments were made during the year on behalf of 118,000 workers who died fully or currently insured and left no survivor who was eligible for benefits for the month in which death occurred.

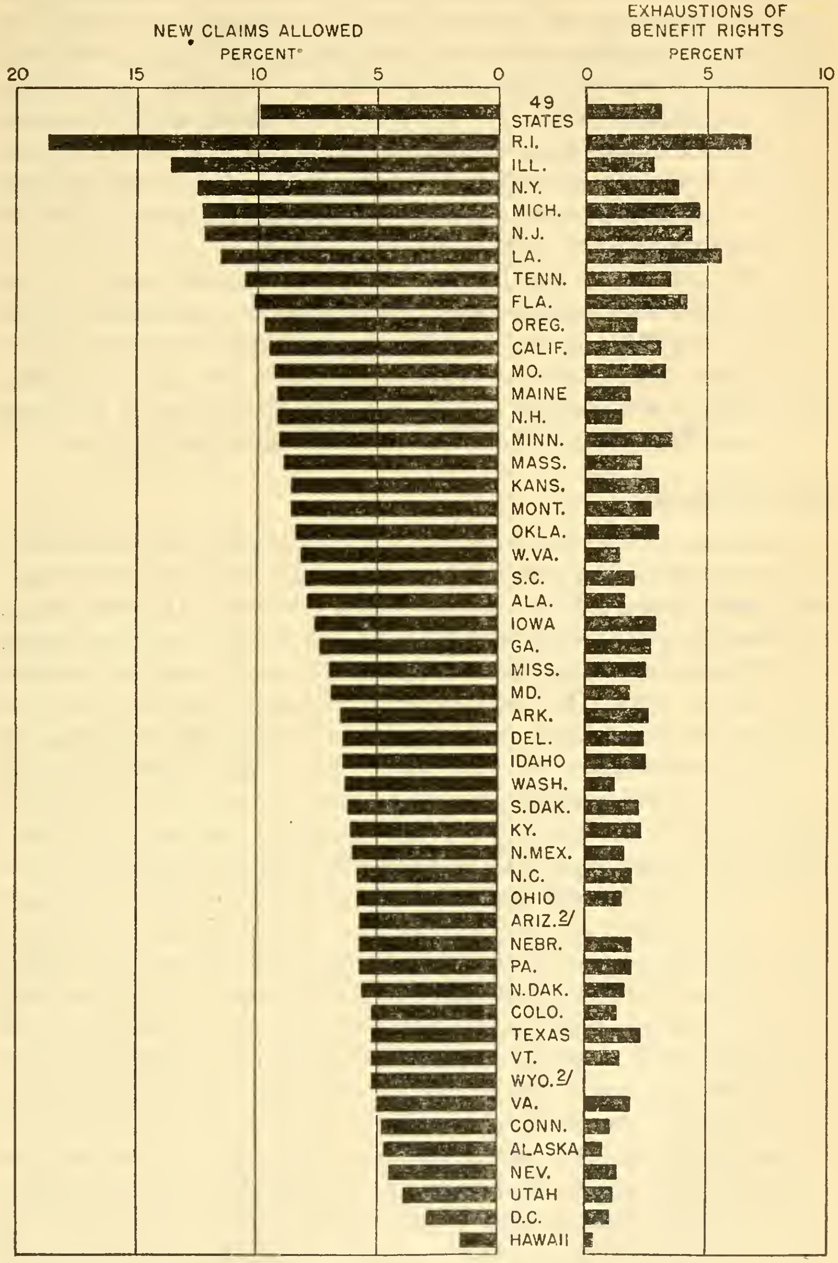
Beneficiaries receiving monthly payments in June represented only about 85 percent of those to whom benefit awards had been made, since some benefits were in deferred or conditional-payment status pending the beneficiary's retirement from covered employment or compliance with other provisions of the act. Of benefits not in current-payment status, 78 percent were withheld because the beneficiary was receiving covered earnings, and 14 percent were supplementary benefits withheld because of the covered employment of the primary beneficiary. Probably many of the 5,000 children whose benefits were withheld because of failure to attend school regularly were also working in jobs covered by the system.

Withholding of benefits because of covered employment fails to show the full extent to which persons eligible for payments under the old-age and survivors insurance program have chosen to continue at work. As of the end of the fiscal year, it is estimated that 600,000 insured workers aged 65 or over had not filed claims for monthly benefits; current work opportunities and wage rates probably made it possible for a substantial proportion of these workers to postpone retirement. Perhaps a third or more of these workers have wives eligible for wife's benefits, and some doubtless have children under age 18. Other beneficiaries currently receiving monthly benefits may be at work in non-covered employment such as agriculture, since wages from excluded employments cause no interruption in benefit payments.

Unemployment compensation.—High employment levels throughout the fiscal year reduced the total number of unemployment compensation beneficiaries from 3.2 million in 1941–42 to 1.2 million in 1942–43, the lowest number for any of the 4 fiscal years for which this figure is available. Except for July 1942 and January 1943, each month of the fiscal year recorded a decline from the previous month in the average weekly number of beneficiaries, and by June 1943 the number was less than one-fifth that for June 1942.

The number of weeks of unemployment compensated in 1942–43 was also the lowest on record—less than one-half the total for 1941–42 and hardly more than one-third that for 1940–41. In 7 months in 1942–43, moreover, the decline in the total number of weeks of compensated unemployment was greater than the drop in average weekly number of beneficiaries, indicating a shorter period of unemployment for the majority of beneficiaries. For the year as a whole, however,

Chart 11.—*Ratio (percent) of net new claims allowed and exhaustions of unemployment benefit rights, 1942, to workers with 1941 wage credits, by State*[1]



[1] Excludes Indiana and Wisconsin; data not comparable.
[2] Data for exhaustion of benefit rights not comparable.

approximately 11.4 weeks were compensated per beneficiary, as compared with 9.9 weeks in 1941–42 and 10.8 weeks in 1940–41. During these years many States have increased the duration of benefit payments by shortening the waiting period, increasing the fraction of wages used to determine individual duration of benefits, or establishing uniform duration for all eligible claimants. Increases in wages in covered employment have also served to raise the duration of benefits to which individuals may be entitled. The number of cases in 1942 in which a worker exhausted his rights to benefits represented 40 percent of all first payments in the year, with ranges from 16 percent in Alaska to 66 percent in Louisiana.

Workers who drew benefits in 1942–43 represented about 1 in 40 of all workers with unemployment compensation wage credits in the calendar year 1942; in the preceding year, beneficiaries had represented about 1 in 10 workers with wage credits. Among the States, these ratios in 1942 ranged from 1 in 400 in Hawaii and 1 in 300 in Nevada and Wyoming to about 1 in 20 in New York and Illinois.

Benefit Payments

In general, persons who give up work permanently can adjust their living expenses to somewhat lower levels than those who are temporarily unemployed and continue to search for work. In either event, social insurance benefits, though geared to the worker's previous wages, must be lower than wages, both to conserve limited funds and to leave incentive to work. In 1942–43, unemployment benefits averaged $13.08 per week of total unemployment compensated. In terms of monthly compensation for wage loss, this average would mean $54 a month for total unemployment, as compared with the average of $23.23 a month for primary old-age insurance benefits in current-payment status in June 1943, and with the average payment in that month of $24.67 for old-age assistance. If the primary beneficiary had a wife aged 65 or over, the average supplementary payment to which she was entitled brought the family income from the old-age and survivors insurance program to $36.62 a month, and an entitled child brought this total to about $48.00. In 1942, one-third of the benefits awarded to 99,600 primary beneficiaries initially or subsequently carried supplementary awards for a wife, and nearly 5 percent of these primary beneficiaries had one or more entitled children.

Under all State laws, unemployment, to be compensable, must be due to lack of suitable work; old-age retirement, however, particularly in times of ample work opportunities, is voluntary except for workers who are physically or mentally incapacitated. Studies of the Board indicate that the majority of the primary beneficiaries currently receiving payments are more or less incapacitated for work, and that unemployment benefit rolls are heavily weighted with older

workers, handicapped persons, and women who have followed their husbands to Army camps or industrial centers.

Old-age and survivors insurance payments.—Of the $155.7 million certified for payments to individuals under the old-age and survivors insurance program in 1942–43, primary and supplementary monthly retirement benefits accounted for 57 percent; monthly payments to survivors of insured workers represented about 32 percent; and lump-sum payments on behalf of deceased workers accounted for 11 percent. During the year, the total monthly amount of primary-benefit certifications increased 30 percent; for supplementary benefits the rise was 27 percent; for survivor benefits, 50 percent; and for lump-sum payments, 17 percent.

State differences in the coverage of the system, due in large part to the exclusion of agricultural earnings, are apparent in the relative amounts of total payments in the various States. For the United States as a whole, payments certified in 1942 represented $1.16 per capita. The range among the States was from $1.87 per capita in Rhode Island to $0.30 in Mississippi, with 15 States[1] 10 percent or more above the United States average, and all but 6 other States[2] 10 percent or more below.

Levels of individual monthly benefits under the old-age and survivors insurance program vary relatively little among the States, because of the formula used in this Nation-wide system, which is weighted in favor of workers with low earnings, and because many workers who spend part of the year in agriculture have wages from covered employment too irregular or too small in amount to afford either currently or permanently insured status. The average primary benefit in current-payment status on December 31, 1942, ranged from $24.88 in New Jersey to $17.90 in Mississippi. The highest State was only about 39 percent above the lowest in the average primary benefit, while the differential in average taxable wages in 1941 was 147 percent.

About 35 percent of the beneficiaries to whom awards were made in 1942 were in family groups consisting of a widow and one or more children, with an average award of $34.28 a month for a widow and one entitled child, $46.38 for a widow with two entitled children, and $50.52 for a widow with three or more. The average survivor benefit for aged parents was $14.84 a month for the dependent parents of deceased male workers, and $13.72 for those of female workers. Total awards to survivors of deceased workers increased 6 percent in amount from 1941 and constituted nearly 40 percent of all monthly awards under the program in 1942.

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[1] California, Connecticut, Delaware, Illinois, Maine, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Washington, West Virginia.

[2] Florida, Indiana, Maryland, Michigan, Oregon, Wisconsin.

Questions of family relationship, which determine the validity of claims to supplementary and survivor benefits, can be settled only on the basis of the law of the State in which the claimant resides. In the absence of Federal law defining the status of common-law wife, adopted children, divorcées, separated couples, and parents, the Board must apply the diverse provisions of the laws of 51 jurisdictions. A child who might qualify for child's benefits in one State, thus making his mother eligible for widow's current benefits, may—through the hazard of residence—be disqualified if his rights have to be determined under the law of another State.

Unemployment benefits.—Total benefit payments in the fiscal year amounted to $176.1 million, less than half the amount in any of the 3 preceding fiscal years. By June 1943, benefits paid were 80.4 percent less than in June 1942 for the 50 jurisdictions for which data are available, with declines ranging from 95.6 percent in North Dakota to 44.0 percent in Kansas. Unemployment benefits paid by California, Illinois, Michigan, and New York—the only States with fiscal-year disbursements amounting to $10 million or more—accounted for 56 percent of the year's total for the country. These 4 States had 47 percent of all beneficiaries and 51 percent of all weeks compensated, but only 35 percent of the workers with unemployment compensation wage credits.

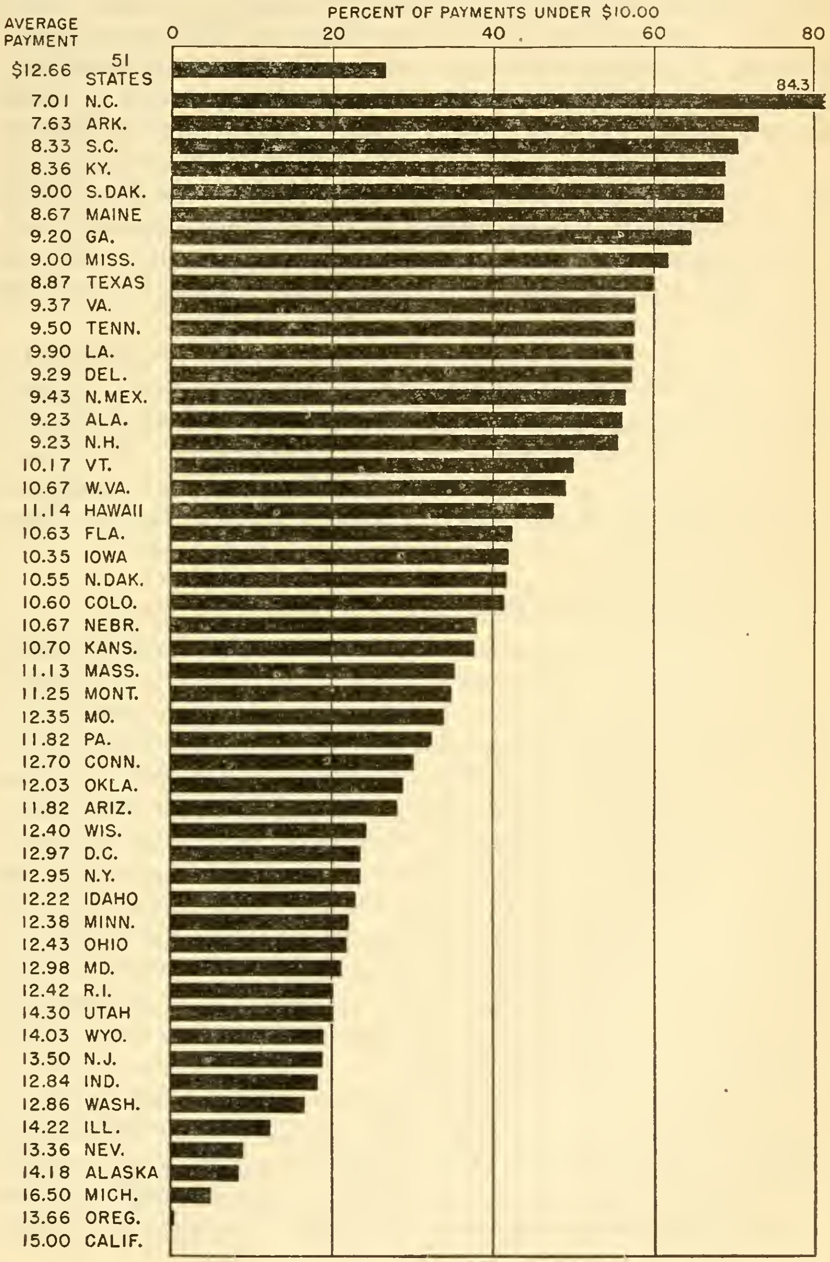
State differences in the volume of unemployment benefit payments arise not only from differences in the extent of unemployment and in wage levels but also from many provisions of the State systems. Among these variations are the length of the initial waiting period (1 week in 26 States and as much as 3 weeks in 1); maximum duration provisions (14 weeks in 1 State, 20 weeks or more in 14); minimum base-period earnings requirements (ranging from $60 to $300); minimum benefit amounts (from $2 to $10 a week); and maximum benefits (from $15 in 26 States to $22 a week in 1). Differences in the methods of computing benefit amounts (from highest quarter's wages in 43 States and from annual wages in 7 States), in the methods of determining maximum annual benefits (uniform in 15 States and varying with base-period wages or prior employment in the other States), and in the fractions utilized in the various formulas also effect wide variations. Only one law, that of the District of Columbia, makes any provision for persons dependent on the beneficiary, but the allowance is only $1 for each of not more than three dependents of specified types with the same maximum ($20) for claimants with or without dependents.

Benefit payments in the United States in 1942 averaged $12.66 per week of total unemployment compensated. Weekly payments of less than $5 accounted for 1.3 percent of all weeks of total unemployment compensated; weekly payments of $5.00–9.99 accounted for 25.2 percent of the weeks compensated; payments of $10.00–14.99 for 29.7 per-

cent; payments of $15.00 or more for 43.8 percent. These national figures mask wide differences among States in the levels of payments (chart 12).

The adequacy of an unemployed worker's benefit depends not only

Chart 12.—*Average weekly benefit amount and percent of payments under $10 for total unemployment, by State, 1942*



on the weekly amount but also on the length of time for which it is payable and especially whether or not the payments continue until he finds a job. Duration of benefits is affected by the interaction of the State's provisions concerning the weekly benefit amount, qualifying requirements, and minimum and maximum duration of benefits. Among the 37 States for which 1942 data are now available, the average potential duration of benefits to eligible claimants ranged from 20.0 weeks in Utah to 8.5 weeks in Kansas. The average actual duration of benefits, reflecting, among other factors, the reemployment of some claimants before benefits were paid and of many beneficiaries before rights were exhausted, ranged from 11.5 weeks in Alabama to 4.6 weeks in Oregon. Even in 1942, when demand for labor was expanding rapidly, large proportions of all beneficiaries exhausted benefit rights before they had another job. Among the 37 States there were 16 in which more than two-fifths of all beneficiaries exhausted all rights, while in 2 States benefit exhaustions were 57 percent.

In 1942, 1.6 million weeks of unemployment were compensated under interstate procedures, whereby the State in which a migrant worker is residing certifies his availability for work and transmits his claim to another State in which he has wage credits. Weeks compensated on interstate claims constituted 5.7 percent of all weeks compensated in 1942, and the amount of benefits paid on interstate claims represented 6.0 percent of all benefit payments in the year.

Covered Employment and Wages

As the result of the exclusion of agricultural labor, domestic service, and other excepted employments, the Federal old-age and survivors insurance program covered a little less than three-fourths of the total amount of wages and salaries received in the continental United States in the calendar year 1942. Because of additional exclusions based on size of firm, State unemployment compensation laws covered not much more than two-thirds. The proportion of 1942 wages and salaries covered by the old-age and survivors insurance program ranged from 87 percent in Connecticut to 39 percent in North Dakota. For the State unemployment compensation programs, the corresponding range was from 83 percent in Michigan to 27 percent in North Dakota; only 18 State unemployment compensation laws covered as much as two-thirds of the wages and salaries within the State, and in 10 States less than half was covered.

Even when account is taken of separate public provisions for employees of Federal, State, and local governments and for railroad workers, about one-seventh of the wages and salaries in 1942 carried no old-age retirement protection and more than one-fourth carried no credits toward unemployment insurance. Earnings are charac-

teristically low in major activities excluded from social insurance protection—agricultural labor and household service. Many of the persons classified as self-employed are farmers or shopkeepers and persons running small enterprises in which they themselves work for relatively small return. The proportion of all gainful occupation not included in various forms of social insurance protection is therefore greater than the proportions of excluded wages or earnings. While unemployment is not a readily measurable risk for persons who work for themselves, lack of provisions for old age and for protection of survivors is hardly less serious for these groups than for the wage earners still excluded from social insurance programs.

Old-age and survivors insurance.—More than 44.7 million workers were in employment covered by the Federal old-age and survivors insurance system at some time in the calendar year 1942. The number in each quarter of the year mounted sharply, from 33.6 million in January–March to 37.4 million in October–December. High levels of covered employment continued in the first half of 1943. The number of workers with covered employment in April–June 1943 was about 2 million above that in the same months a year earlier. The number of employers reporting taxable wages declined, on the other hand, from a high of 2.2 million in the last quarter of 1941 to less than 2.1 million in April–June 1943.

Taxable wages, which include only the first $3,000 received by an individual from any one employer in a year for covered employment and therefore not necessarily total earnings in a covered job, amounted to $52.6 billion in the calendar year, or an average of $1,176 per covered worker; for the preceding year the total was $41.8 billion and the average $1,023. Beginning January–March 1940, taxable wages have increased in each successive quarter. The amount for April–June 1943 was $16.5 billion, more than double that for the same months of 1940, before the national defense program got under way.

The distribution of covered employment and taxable wages—and hence of potential rights to benefits on the part of employed workers and members of their families—varied widely among the States in accordance with the relative importance of industry and commerce in the State economy. In 1941, the latest year for which these figures are yet available, 11 States, each of which had a million or more covered workers, accounted for 64 percent of the total coverage in the continental United States and its Territories and for 70 percent of all taxable wages. These States [3] had 55 percent of the total population, as contrasted with 10 Southern States [4] which had 20 percent of the population but only 14 percent of the covered employment and 9

[3] California, Illinois, Indiana, Massachusetts, Michigan, Missouri, New Jersey, New York, Ohio, Pennsylvania, Texas.

[4] Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee.

percent of taxable wages. The average taxable wage in 1941 ranged, among the States, from $1,310 in Michigan to $530 in Arkansas. In 16 States the average exceeded $1,000, while at the other extreme were 9 States in which taxable wages averaged less than $700. Differences in the average arise not only from differences in wage rates but also from the extent to which workers engage in covered employment throughout a year. For all those for whom taxable wages were reported in each of the 4 quarters of 1941, the average was $1,425, while for workers with less than 4 quarters the average was only $414.

Many workers with low and irregular covered earnings, including disproportionately large numbers of women and of Negro workers, fail to earn sufficient wage credits to become currently or fully insured. When a worker has a covered job for part of the year and works for the remainder on a farm or in other excluded employment, he may not be able to get or maintain insured status despite the contributions he makes while in covered employment and despite the fact that his total annual earnings would have qualified him if all his wages had been covered.

Though civilian labor shortages had been apparent before the beginning of the fiscal year and employee accounts had already been established in the wage-records system of the Board for a very large part of all persons with experience in the labor force, the number of new accounts established in 1942–43 was 8.3 million, as contrasted with 6.7 million in the preceding fiscal year. New applicants for accounts consisted largely of women and girls and boys below the age for military service. At the end of the fiscal year, approximately 72.4 million accounts had been established under this Federal system.

Unemployment compensation.—About 40.6 million workers, it is estimated, earned wages in employment covered by State unemployment compensation programs at some time during the calendar year 1942. This number was nearly one-tenth more than in 1941 and about one-fourth more than in 1940. Every State except North Dakota and Vermont reported more workers covered in 1942 than in the preceding year. Almost 880,000 employers were subject to State unemployment compensation laws as of March 31, 1943. In the calendar year 1941, the latest for which State figures are available, 44.1 percent of the average monthly employment covered by unemployment compensation was concentrated in 5 large States, with 13.6 percent in New York, 10.0 percent in Pennsylvania, 7.6 percent in Illinois, 6.7 percent in Ohio, and 6.2 percent in California. No other State had as much as 5 percent of the total, and 24 States had less than 1 percent.

Financing Insurance Programs

Throughout the fiscal year, employers and workers each contributed for old-age and survivors insurance 1 percent of wages paid in covered

employment, excluding amounts by which payments in a year to an individual by an employer exceeded $3,000. These contributions, plus accumulated assets held in the old-age and survivors insurance trust fund and interest paid on investments of that fund, finance both benefit payments and administrative costs of the system. Employer contributions under State unemployment compensation laws, with a normal rate of 2.7 percent of pay roll in all States but one, were paid at various rates in a majority of the States because of the operation of State provisions for experience rating; in four States, employee contributions were payable during the fiscal year at rates ranging from 0.5 to 1 percent. Contributions, plus accumulated assets and interest on State deposits in the unemployment trust fund, are available to finance unemployment benefit payments. Employers subject to the Federal Unemployment Tax Act. after taking the specified credits against that tax for contributions which they had made to State funds or from which they had been excused by reason of experience rating, were liable for a tax of 0.3 percent, the receipts of which are covered into the general funds of the Federal Treasury. Costs of administering State unemployment compensation laws are met through grants of Federal funds made by the Social Security Board under the Social Security Act.

Old-age and survivors insurance.—Contributions collected for old-age and survivors insurance during 1942–43 totaled $1.1 billion, an increase of 26 percent over the preceding year. Expenditures for benefit payments and administration rose 29 percent, to $176.8 million. Total assets of the old-age and survivors insurance trust fund as of June 30, 1943, represented $4.3 billion, of which $4.2 billion was invested in Government obligations at an average interest rate of 2.258 percent. Costs of administering the system, which totaled $27.5 million for the fiscal year, represented about 38 cents per employee account at the end of the year; the comparable cost for the preceding year was 42 cents.

The marked rise in contributions reflected, of course, the high levels of wartime pay rolls. Benefit levels were somewhat less than would have been anticipated in ordinary circumstances. The rise in accumulated assets, however, reflected, in large part, an increase which was to be expected in any event because of the recency of the establishment of the program; both assets and deferred obligations are cumulating for benefits which will eventually be paid to workers now below retirement age or to their survivors.[5]

Unemployment compensation.—The Federal Government acts as trustee for the contributions collected by State unemployment com-

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[5] For operations of the trust fund and estimates of income and disbursements during each fiscal year through 1946–47, see the *Third Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund,* Senate Committee Print, 78th Congress, 1st session, 1943.

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pensation agencies and deposited in the unemployment trust fund in the Federal Treasury. In 1942–43, States deposited a total of $1.2 billion in the unemployment trust fund, and interest totaling $75.6 million was credited to the State accounts. Thus, while old-age and survivors insurance collections increased 26 percent over the preceding year, collections by State unemployment compensation agencies, which were based in general on the same wages, increased only 11 percent because of the operation of experience rating.

Total assets of the States as of June 30, 1943, including amounts in State clearing accounts and benefit-payment accounts as well as State accounts in the unemployment trust fund, aggregated $4.0 billion, $1.1 billion or almost 40 percent more than at the close of the previous fiscal year. Relative increases in State accounts for the year ranged from 153 percent in Nevada to less than 14 percent in Missouri. Among the States, the reserves as of June 30, 1943, ranged from $100 or more per worker with 1942 wage credits in 10 States [6] to $50 or less in 6 States.[7] All but 3 States have made some provision for maintaining until after the war the benefit rights of members of the armed forces who were formerly covered under their unemployment compensation laws.

Experience rating, in operation in 36 States by the end of the fiscal year,[8] has markedly lowered State collections from what would have been paid under a uniform 2.7-percent rate. In the calendar year 1942, the average effective rate of employer contributions for the country as a whole was 2.1 percent, rather than the 2.7 percent set as the standard under all State laws except Michigan, which has 3.0 percent. As a result of experience-rating provisions in the 34 States in which these provisions were in operation in 1942, reductions in contributions from what would be obtained under a uniform 2.7-percent rate were as much as 67 percent in Delaware and from 50–63 percent in Hawaii, Ohio, South Dakota, and Texas; in only 8 of the 34 States was the loss less than 20 percent.

Since the decline in unemployment and the favorable experience of individual employers in the ratio of benefits to pay roll are due almost wholly to wartime expansion of industry, many States are concerned about the effect of reduced contribution rates for employers whose pay rolls have expanded greatly in the past few years and who may be expected to face sharp reductions when the war ends. During the fiscal year, 10 States [9] adopted higher "war risk" contribution rates

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[6] Alaska, California, Connecticut, District of Columbia, Illinois, Kentucky, New Jersey, Ohio, Rhode Island, Wisconsin.

[7] Arkansas, Florida, Mississippi, Nevada, New Mexico, Virginia.

[8] Experience rating is scheduled for operation in 1943 or later in 9 additional States (District of Columbia, Idaho, Illinois, Maine, Maryland, Nevada, North Carolina, Pennsylvania, Tennessee).

[9] Alabama, Florida, Illinois, Iowa, Maryland, Minnesota, Missouri, Ohio, Oklahoma. Wisconsin.

which are applicable to some such employers. To the extent that these higher rates are passed on by employers to consumers, the Federal Government—the largest consumer of war-expanded products—will be called upon to bear a share of the cost of these war-risk contributions.

Interest payments on State accounts in the unemployment trust fund amounted to $75.6 million in the fiscal year 1942–43. Federal grants to States to pay the costs of administering State unemployment compensation laws totaled $36.5 million. For 5 months of the fiscal year—July–November 1942—the Social Security Board, under authorizations contained in the appropriations for title III of the Social Security Act, defrayed all costs of administering the U. S. Employment Service. As of December 1, 1942, this responsibility and the equivalent funds appropriated to the Board for the purpose were transferred to the War Manpower Commission. Collections made in 1942–43 under the Federal Unemployment Tax Act and covered into the Treasury as general revenue totaled $158.4 million. The assets of the unemployment trust fund, including the railroad unemployment insurance account as well as the State accounts, were 39 percent greater at the end of June 1943 than a year earlier. Investments held by the fund on June 30, 1943, totaling $4,367 million, were in Government obligations on which the average rate of interest was 1.891 percent.

Assistance Programs in 1942–43

For 6 years after the Social Security Act became effective, by far the largest part of the relief burden arising in the decade of depression and drought was met through Federal work programs and other federally financed measures. By the end of the fiscal year 1942–43, the liquidation of Federal work programs and the discontinuance of Federal aid to individuals through subsistence grants to farmers, food stamps, and direct distribution of surplus commodities had limited Federal participation in financing public aid to the three assistance programs under the Social Security Act, and the Federal share in total costs of assistance had become less than the total carried by the States and localities. Certain general requirements of the Social Security Act impose limits to the residence, citizenship, and age restrictions which a State may require, and establish other general conditions for operation of State programs under which Federal funds are made available for payments to the needy aged, dependent children, and the blind. Within these limits, there are wide differences among States in the coverage and adequacy of this Federal-State assistance—differences derived in part from State laws and policies and in part from variations in State ability and willingness to supply funds for assistance.

Recipients of Assistance

There were notable declines in 1942–43 in the number of recipients under all assistance programs, including programs for the special types of public assistance administered under the Social Security Act and similar programs maintained without Federal financial participation, as well as general assistance in which the Federal Government has no share. A drop in each program, except for aid to the blind, was registered in every month. Within the continental United States, old-age assistance rolls declined 4 percent over the year to 2,167,000 in June 1943. The number of families receiving aid to dependent children declined nearly 25 percent and the number of children about 20 percent, to 305,000 and 747,000, respectively. The number of recipients of aid to the blind remained nearly stationary at 79,000 for 7 months and stood at 78,000 for all but one of the remaining months of the year, with a decline of 1 percent over the year. General assistance rolls were cut nearly in half, with a decline of 15,000 cases or more a month for each month but December and March, and a case load of 354,000 in June 1943.

Declines in the assistance loads reflected, in general, the extent to which the aged, the very young, and others who ordinarily are unable or little able to support themselves have shared in the wartime rise in earnings, either through their own work or through increased help from relatives and friends. The sharpness of the decline in the number of families receiving aid to dependent children raises a serious question, however, as to the extent to which there have been offsetting factors of dubious social value in the long run. The especially heavy financial and social pressures on dependent families have caused some children to cut short schooling to enter jobs of little worth to their future and have forced some mothers, when opportunity offered, to undertake work outside their homes, leaving their young children without proper care. Lack of adequate assistance funds in some areas has been accentuated by the rise in costs of food and other essentials and the discontinuance of Federal distribution of surplus commodities, which have been an important resource of families receiving assistance, especially in the Southern States. To some extent, therefore, the decline doubtless represented not an improvement in the circumstances of families but enforced decisions which negated the purpose of the program for aid to dependent children.

Variations among the States in the relative number of recipients are evident in rates computed for December 1942. In that month, there were 238 recipients of old-age assistance per 1,000 persons 65 years of age and over in the population of the United States. In one group of eight States, recipients numbered a third or more of the aged population, and in two of these more than half. At the other

extreme were two States where less than one-tenth of the aged population was receiving old-age assistance. In States collaborating in aid to dependent children under the Social Security Act, there were three in which the number of children aided represented 40 or more of the population per 1,000 estimated under age 18; at the other end of the range were two where aid to dependent children went to about 10 or fewer per 1,000 of the child population; for the continental United States as a whole, the rate was 21 per 1,000. Aid to the blind, with a national rate of 60 persons per 100,000 of the general population, ranged among collaborating States from 138 per 100,000 to 11.

Differences in the extent to which States had been able to meet needs for the special types of assistance, especially aid to dependent children, are shown in the relative volume of applications pending at the end of the year. In three States, the number of pending applications for aid to dependent children on June 30, 1943, was larger than the number of families then on the rolls; for the United States as a whole, pending applications represented nearly 10 percent of the total number of families receiving aid. Formally recorded applications and waiting lists for this and other programs, however, give only a partial indication of unmet requests for aid. Some assistance agencies do not take applications when it is known that funds will be insufficient to provide assistance even though the applicant is found to be in need, while, in general, needy persons do not apply for assistance when they know the effort is likely to be unavailing.

Payments to Recipients

In June 1943, total payments to individuals under public aid programs in the continental United States were less than one-fourth the amount in the peak month of the last decade, January 1934. The almost uninterrupted decline in Federal work program earnings and in general assistance increased the proportion of payments under the three programs for special types of assistance from about 15 percent of all public aid in March 1939 to nearly 90 percent of the total by the end of the fiscal year 1942–43. In June 1943, old-age assistance represented nearly 70 percent of all public aid in the continental United States, aid to dependent children 15 percent, and aid to the blind less than 3 percent, while general assistance accounted for 12 percent and Federal work program earnings for less than 1 percent.

Expenditures for old-age assistance in the continental United States and the Territories totaled $616.6 million in 1942–43, of which approximately half represented Federal funds. For aid to dependent children and aid to the blind, the corresponding figures were $150.0 million and $24.9 million, respectively, and the Federal share of the total, about 40 and 30 percent. As compared with the preceding fiscal year, total costs of old-age assistance increased 9 percent and

those for the blind 5 percent, while for aid to dependent children there was a 4-percent decline.

From June 1942 to June 1943, average payments increased under each of the three programs for the country as a whole and in nearly all States. The average payment for old-age assistance in June 1943 was $24.68 per recipient. In States collaborating under the Social Security Act, the corresponding averages in that month for the other two programs were $38.94 per family receiving aid to dependent children and $25.99 per recipient of aid to the blind. The wide range in the averages for the various States (table 11) reflects not only differences in levels of living but also differences in the funds available for assistance and in the range and extent of the recipient's requirements which are recognized, in the respective States, in setting the amount of the assistance payment. Determination of the deficit between resources and expenses may include allowance only for food and shelter or for some fraction of the amount deemed necessary by the agency's standards for such purposes. On the other hand, when funds are available, payments may represent also consideration of other basic needs such as clothing, household supplies, medicines, and the like. Other important differences in amounts of individual and average payments arise from differences in State laws and in policies and practices in considering, in the determination of the assistance payment, any resources presumably available to the recipient, such as the presumed ability of legally responsible relatives to aid in his support though in fact they may not be doing so.

Increases in average payments for the country as a whole have failed to keep pace with the rise in the costs of living of low-income families and especially the rise for families who live on the margin of subsistence, since the sharpest increase has been in the costs of food, which constitute a very large part of their total expenditures. Discontinuance of the Federal programs for distribution of agricultural commodities has been a serious loss to recipients in some parts of the country. On the other hand, it is possible that other resources of some recipients have been increased through ability to earn small amounts or through aid from relatives and others. A large proportion of all recipients, however, have no resource except their assistance payments. When other gains have not helped to counterbalance rising living costs, the increases in assistance payments must have been too small in many cases to maintain former standards, and many recipients, like other persons with small fixed resources, must have suffered a reduction in living standards.

Eligibility for Assistance

Within the general framework of the provisions of the Social Security Act, including the requirements for receipt of Federal match-

ing grants, the States themselves establish their definitions of need and other conditions determining eligibility for assistance. Eligibility for general assistance is wholly a matter for State or local, or State and local, determination.

Residence requirements.—The majority of the States with approved plans for the special types of assistance impose the maximum State residence requirement permitted under the Social Security Act—for old-age assistance and aid to the blind, 5 years out of the 9 years immediately preceding application and 1 year immediately preceding application, and for aid to dependent children, a year immediately preceding application or, for a child aged less than a year, the mother's residence in the State for the year immediately preceding the child's birth. By June 30, 1943, less restrictive residence conditions were in effect in only 13 State plans for old-age assistance, 13 approved plans for aid to the blind, and 10 for aid to dependent children. The general assistance provisions of nearly all States and localities require legal settlement as a condition for this type of aid. Rhode Island is the only State which has abolished residence requirements for all types of public assistance, including general assistance. The effect of stringent residence requirements has particular implications for periods of extensive interstate migration. Aged or blind persons and young children who have followed the family wage earner to areas of expanded agricultural or industrial production may be left stranded when wartime conditions or the subsequent readjustments dictate changes in industrial and other employment. Many individuals will have lost their rights to residence in the States which they have left and will not have acquired residence for public assistance purposes in any other State. Since much of the war-induced migration has drawn people away from depressed communities, the return of the migrants to their home communities may be neither desirable nor feasible. At the end of the war the Federal Government may be faced with a transiency problem equal to or exceeding that of the depression years, when thousands of homeless people of the United States were unable to claim legal residence in any part of the Union.

Age requirements.—By the close of the fiscal year, only one State—Colorado—had an age requirement for old-age assistance less restrictive than that of the Social Security Act; in Colorado, State funds are used also for assistance to qualified persons 60–64 years of age. For aid to the blind, the Social Security Act sets no age requirement on use of Federal funds, yet 23 States denied coverage to persons below or above a specified age. In aid to dependent children, 33 States utilize Federal funds for payments on behalf of children aged 16–17 who are regularly attending school. In all, 24 of these 33 States require school attendance for the age group 16–17 years, a requirement which the Board has found difficult to administer in the

old-age and survivors insurance program and of only slight social value, since, in nearly all cases of interrupted school attendance investigated for that program, attendance was not feasible because school facilities were lacking or because the child was needed at home to care for family members who were incapacitated.

Residence in an institution.—Although the Social Security Act prohibits Federal sharing in assistance payments to persons residing in public institutions, no such restriction is imposed on Federal participation in payments to persons in private institutions. Six States, however, deny assistance to aged persons living in private institutions, and five impose similar disqualifications for aid to the blind. Moreover, nine States do not provide old-age assistance to persons who require institutional care, and six have a similar provision for aid to the blind. In effect, these limitations may serve to keep individuals from receiving a type of care suited to their particular needs.

Citizenship requirements.—The Federal act contains no limitation which precludes use of Federal funds for aliens. Citizenship is, however, a requirement for old-age assistance in 23 States, while 9 impose a similar condition for aid to the blind, and 1 for aid to dependent children.

Determination of need.—Federal public assistance funds under the Social Security Act are available to share in costs of aid to needy persons only, and the act requires the States in determining need to take account of any income or resources of the applicant for assistance, except that States may disregard certain income from agricultural employment during the war emergency. Some States go further in automatically disqualifying applicants whose income exceeds a fixed amount (11 States for old-age assistance, 2 for aid to the blind, and 1 for aid to dependent children); applicants whose real and personal property is above a specified value (16 States for old-age assistance, 3 for aid to the blind, and 3 for aid to dependent children); or applicants who dispose of property to qualify for assistance (41 States for old-age assistance, 26 for aid to the blind, and 6 for aid to dependent children). Many States disqualify applicants who have relatives legally responsible for their support, or enforce support from such relatives, or require responsible relatives to reimburse the State for assistance payments. These provisions in one form or another are in effect in 28 plans for old-age assistance, 21 for aid to the blind, and 18 for aid to dependent children, and some form of recovery from the estates or relatives of assistance recipients is required in 26 plans for old-age assistance, 18 for aid to the blind, and 7 for aid to dependent children. These and similar conditions place at a disadvantage individuals who live in a State with restrictive requirements, as compared with those in States with less restrictive provisions. The emphasis on resources, moreover, often tends to overestimate a source

of income which may be potential rather than real, and often prevents realistic consideration of the individual's actual requirements.

Scope of aid to dependent children.—The first State laws for assistance to needy children were designed mainly for aid to widowed mothers. The Social Security Act made Federal matching funds available to dependent children who have been deprived of parental support or care by reason of the death, continued absence from home, or mental or physical incapacity of a parent, and who are living with the father or mother, a grandparent, a brother or sister, a stepparent, a stepbrother or stepsister, or an uncle or aunt in his or her own home. Subsequently, nearly all States with approved plans for aid to dependent children incorporated provisions paralleling the more inclusive eligibility conditions of the Federal act. From 1937–38 to 1941–42, the percentage of children accepted for aid who were living with both parents nearly doubled—an increase which can be attributed to State liberalization of eligibility provisions with respect to the incapacity of parents. Lack of the father's support constituted 88 percent of all cases accepted for aid to dependent children in 1941–42, but death of the father was the cause of dependency in only about a fourth of these cases.

State Differences in Economic Capacity

Both the scope and the adequacy of provisions for assistance are contingent upon the availability of State funds. Under the uniform-matching provisions of the Social Security Act, Federal grants for assistance are proportioned to what the State itself can and wishes to provide. In general, States with large resources, as measured by per capita income payments and tax collections, receive proportionately larger grants for public assistance than those where average income and tax collections are lower and the need for assistance presumably greater.

The 12 States [10] in which 1942 per capita income payments exceeded $1,000 contained 28.3 percent of the population in that year, had made 39.8 percent of all 1941 State and local tax collections, and received 29.8 percent of all Federal grants for public assistance under the Social Security Act in the fiscal year 1942–43. The 12 States at the other end of the scale,[11] with per capita incomes below $600 in 1942, had 21.7 percent of the population, made 12.0 percent of the tax collections, and received 13.4 percent of the Federal grants. The difference between the two groups of States appears even more sharply in terms of per capita figures. In the group of 12 States where per capita incomes

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[10] California, Connecticut, Delaware, District of Columbia, Maryland, Massachusetts, Nevada, New Jersey, New York, Oregon, Rhode Island, Washington.

[11] Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, West Virginia.

were highest, income payments averaged $1,141 per person, while tax collections were $95.89 and Federal grants for assistance $3.11. In contrast, in the group at the other end of the range, income was $506, tax collections $37.78, and Federal assistance grants $1.83. Per capita figures, like all averages, obscure differences among and within the States included, and such differences also exist, of course, for the remaining States. It seems clear, however, that Federal assistance grants to States under the Social Security Act reflect, rather than counteract, State differences in ability to care for needy persons.

In the fiscal year 1942–43, only 17 percent of Federal grants for public assistance went toward meeting the needs of children, while nearly 81 percent was for old-age assistance. In Nevada all Federal assistance funds were for old-age assistance, and in two other jurisdictions (Alaska and Iowa [12]) no Federal grants were made for aid to dependent children because no approved State plans were in operation. The Federal contribution toward aid to dependent children programs was less than one-third of total Federal assistance grants in all but six States.[13]

General assistance payments made by States and localities in the fiscal year totaled $137.6 million and comprised about one-seventh of all assistance payments. In the calendar year 1942, this program represented 19.8 percent of State assistance expenditures and 47.9 percent of local expenditures for all types of assistance. Five States [14] financed their general assistance programs without or with only slight local participation, while local governments bore the entire cost in 13 States [15] and bore 90 percent or more of the cost in 3 additional States.[16]

Under the matching maximums of the Social Security Act for aid to dependent children, Federal funds cannot share in amounts exceeding $18 a month for a mother and child receiving aid or $30 for a mother with two eligible children, while the maximum is $40 a month for a recipient of old-age assistance, or $80 if both man and wife are eligible. Since the Federal limitations on sharing costs for aid to dependent children make little provision for the requirements of the mother or the costs of maintaining the home, in May 1941 nearly half the payments to one-child families, 40 percent of the payments to two-child families, and 29 percent of those to three-child families were above the Federal matching maximum, with the excess borne solely from State and local funds. As a result, the Federal share in aid to needy children is less than that in old-age assistance. In the calendar year 1942, Federal funds supplied nearly half (49.2 percent)

[12] On October 12, 1943, the Social Security Board approved an Iowa plan for aid to dependent children under which payments to recipients are to begin January 1, 1944.

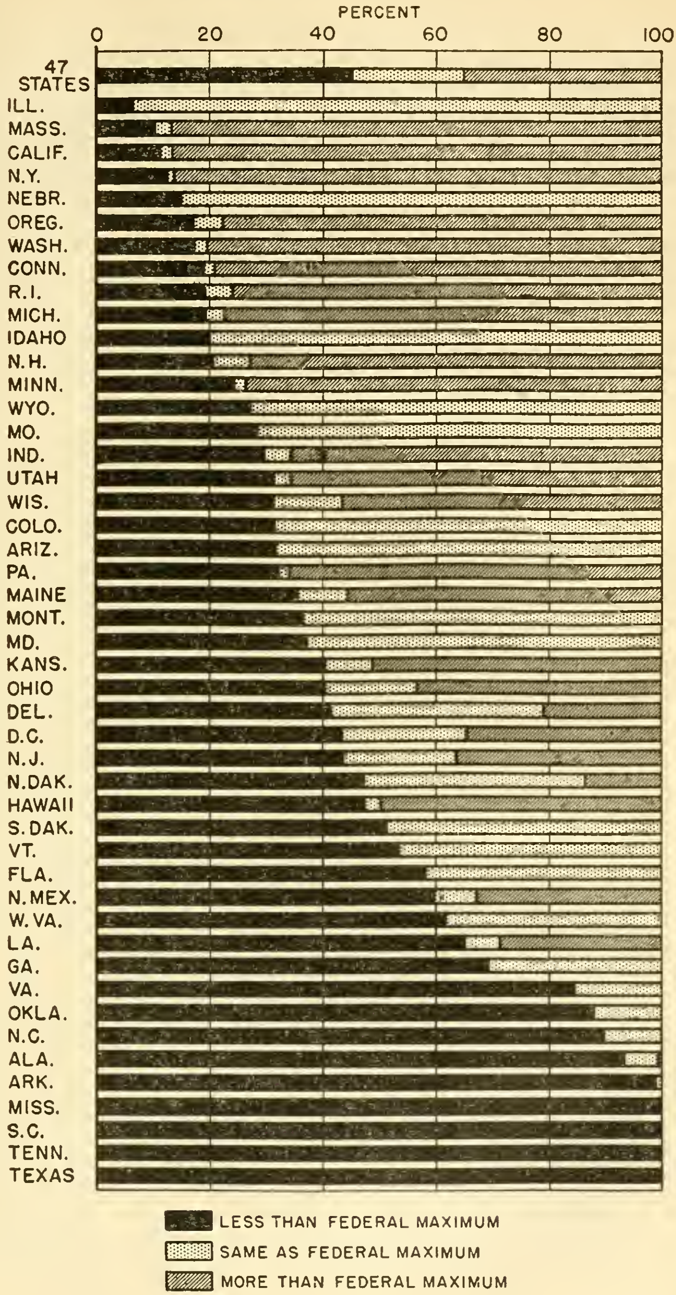
[13] Delaware, Hawaii, Louisiana, New Mexico, Pennsylvania, West Virginia.

[14] Arizona, Arkansas, Missouri, New Mexico, Pennsylvania.

[15] California, Florida, Georgia, Indiana, Kentucky, Mississippi, Nebraska, New Hampshire, North Carolina, South Dakota, Tennessee, Texas, Vermont.

[16] Idaho, Nevada, Wisconsin.

Chart 13.—*Aid to dependent children payments in relation to Federal matching maximum, by State, November 1942*



of all expenditures for old-age assistance, while the proportion for aid to dependent children was 40.8 percent.

War Emergency Programs

Since February 1942, when the President first allotted sums from his emergency fund to the Federal Security Administrator for temporary aid to civilians in the war emergency, the Social Security Board has been responsible for administering, for persons in the United States, emergency programs for civilian war benefits, civilian war assistance, and services and assistance to enemy aliens and others affected by restrictive governmental action. Subsequent Presidential authorizations and allotments of funds during the fiscal year 1942–43 extended the programs to provide for payment of disability and survivor benefits and services and assistance in cases of injury or death resulting from enemy action or preparation to meet such action, among certain civilian defense workers and other civilians in the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

Under the terms of the allocations for civilian war benefits and civilian war assistance, money payments, goods, medical care, and other services are available to civilians, including enemy aliens, (1) who are injured as a result of enemy attack or of action to meet such attack or the danger thereof, or who are injured while in the performance of their duties as civilian defense workers; or (2) who are dependents of individuals injured or killed under conditions described in (1), or interned by the enemy, or reported as missing in circumstances indicating such death or internment; or (3) who are being or have been evacuated from any area under the direction of civil or military authority; or (4) who are otherwise in need as a result of enemy attack or of action to meet such attack or the danger thereof. "Civilian defense worker" is defined as any civilian (other than a Federal employee receiving wages for services as a civilian defense worker [17]) who is engaged in the Aircraft Warning Service, or is a member of the Civil Air Patrol or of the U. S. Citizens Defense Corps in the protective services established from time to time by the Office of Civilian Defense, or persons registered in training courses prescribed and approved by that Office for such protective services.

The program for assistance and services to enemy aliens and others affected by restrictive governmental action covers persons who are detained or interned by the Government or removed from areas specifically designated by military authorities or the Department of Justice. Assistance and services are also provided for dependents of such persons.

From February 1942 through June 1943, the Social Security Board

[17] Protected under the U. S. Employees' Compensation Act.

expended a total of $869,150 for administrative expenses and payments to individuals under these war emergency programs—$440,899 for civilian war benefits, $240,300 for civilian war assistance, and $187,951 for assistance to enemy aliens and others affected by restrictive governmental action. Board activities have been maintained by regular personnel of the Bureaus and Offices charged with specific responsibilities. For administration of the two assistance programs, the Social Security Board has made agreements with State public welfare agencies to act on its behalf, and Federal funds are made available to States on an advance or reimbursement basis. The Bureau of Old-Age and Survivors Insurance uses its departmental and field staff for administering the civilian war benefits program. The parallel program for civilian war medical care is administered by the U. S. Public Health Service, which has established an office in Baltimore jointly with the Bureau of Old-Age and Survivors Insurance for coordination of medical services with civilian war benefits.

Civilian War Benefits

This program provides monthly survivor benefits, in general, to the widow, child, or parent of a civilian who dies as a result of enemy action, or of injuries sustained in the performance of civilian defense duties and who was furnishing the relative's chief support. In the case of civilians missing or detained as a result of enemy action outside the United States,[18] monthly benefits are payable to the dependent wife, child, or parent. The civilian or the dependent relative must be a citizen of the United States. Monthly benefits are also payable to civilians aged 16 or over who sustain total temporary or permanent disability, or partial permanent disability of at least 30 percent of total, as a result of enemy action within the United States,[18] and to civilian defense workers who incur such disabilities in the performance of their defense duties. Within a range of $10–85 a month, benefits are related to wages.

As of June 30, 1943, monthly benefits amounting to $7,062 were in force for 262 beneficiaries, all of whom were either survivor beneficiaries or dependents of missing or detained civilians. In January 1943, claims based on the wages of 850 workers were transferred to the U. S. Employees' Compensation Commission, in accordance with Public Law No. 784 (77th Cong., 2d sess., approved Dec. 2, 1942). The transferred claims related to death, disability, detention, or disappearance of employees of contractors with the United States, as a result of enemy action in the Philippines, Hawaii, Alaska, Guam, and Wake Island.

[18] The term United States in these emergency programs includes Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

Civilian War Assistance

Civilian war assistance is a temporary program to provide assistance to civilians disabled by enemy action and dependents of civilians who are killed, interned, or reported as missing, pending receipt of compensation; to civilian defense workers injured or killed while on official duty, and their dependents; to shipwrecked persons or their dependents; to persons repatriated to the United States; to stranded persons from war-stricken areas; and to civilians evacuated from Alaska, Hawaii, other Pacific islands, Puerto Rico, or the Virgin Islands, and from danger points in the United States, or from areas appropriated for military purposes.

Assistance may be in cash or, when necessary, in kind. Payments are made on an emergency basis to cover needs in a crisis and on a month-to-month basis when required beyond the emergency situation. The services comprise the essential activities involved in enabling individuals or families to reestablish themselves and to take up their activities in home and industrial life.

As of June 30, 1943, agreements were in effect with 47 States for this program. Payments amounting to $7,390 were made in that month to 115 cases receiving assistance; 167 cases received services only. Since April 1942, total payments have amounted to $95,504.

Aid to Enemy Aliens and Others

This program includes services to facilitate personal and community readjustments, rehousing, transportation, medical care, special services for children, temporary shelter, and financial aid. At the request of the Department of Justice, State public welfare agencies—designated by the Bureau of Public Assistance to administer the program—interview dependents of interned persons and make recommendations on requests for reuniting families in family internment camps. Similar cooperation with the War Relocation Authority has provided assistance to families who leave war relocation centers to enable them to reestablish themselves in the community. Major developments occurred in February–June 1942, as described in the *Seventh Annual Report of the Social Security Board.* Within the fiscal year 1942–43, agreements have been made with 48 States for continuing assistance and services to enemy aliens and their dependents and to others in need because of restrictive action of the Federal Government. In June, payments amounting to $8,694 were made to 173 cases receiving assistance; 172 cases received services only. Since February 1942, $93,081 in Federal funds allocated for this program has been expended by the States.

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Administrative Operations of the Social Security Board

THE SOCIAL SECURITY BOARD has five major responsibilities under the Social Security Act: (1) administering the Federal old-age and survivors insurance program; (2) certifying the conformity of State unemployment compensation laws and public assistance plans with the applicable provisions of the Federal law; (3) ascertaining that the administration of State unemployment compensation and public assistance programs is in conformity with Federal requirements; (4) determining the amounts of Federal grants to which the States are entitled for administration of their unemployment compensation programs and for assistance payments and administration of their public assistance programs; (5) studying and recommending methods of providing economic security.

Since the unemployment compensation and public assistance programs are joint Federal-State undertakings and the well-being of individuals is jeopardized by inability on the part of the Board to certify Federal grants requested by the States, the Board has consistently attempted to establish, and to make available to States, criteria used as a basis for determining that State legislative provisions and administrative practices conform to conditions of eligibility for Federal funds, and to share with States experience gained in any area of operations. Ultimate responsibility for maintaining State programs for unemployment compensation, old-age assistance, aid to dependent children, and aid to the blind rests, of course, with the States themselves. Similarly, the States determine whether or not they wish to receive Federal grants under the Social Security Act.[1] When the Board is asked to approve proposed laws and plans and to grant Federal funds for these programs, however, it must determine that the provisions of the Federal law are fulfilled.

Organization and Expenditures of the Board

The Social Security Board is part of the Federal Security Agency, of which Paul V. McNutt is Administrator. There has been no change since December 1938 in the membership of the Board, which

[1] At the close of the fiscal year, 3 jurisdictions were administering State programs for aid to dependent children without Federal participation, and 4 had similarly independent programs for aid to the blind. A few States also maintain State programs in addition to those approved under the Social Security Act—1 for aid to dependent children and 4 for aid to the blind. Alaska and Delaware have no programs for aid to the blind. On October 12, 1943, the Board approved an Iowa program for aid to dependent children, and on October 22 an Illinois plan for aid to the blind.

includes Arthur J. Altmeyer of Wisconsin, Chairman; George E. Bigge of Rhode Island; and Ellen S. Woodward of Mississippi.[2] Oscar M. Powell of Texas has served as Executive Director since November 1, 1938. The Chairman of the Board is an ex officio member of the Board of Trustees of the Federal old-age and survivors insurance trust fund and a member of the Committee on Economic Security; he also served as Executive Director of the War Manpower Commission until December 7, 1942, and since that date has represented the Federal Security Agency in the War Manpower Commission.

Responsibilities of members of the Board include determination of administrative policy; approval of State laws and plans as meeting the statutory requirements for Federal grants and certification of these grants; certification of State unemployment compensation laws to the Treasury for normal and additional tax-credit purposes; and study and recommendations concerning the most effective methods of providing economic security through social insurance and related legislation.

The Board maintained the same functional organization as in previous years for administration of programs under the Social Security Act and the war civilian security programs authorized by the President in February 1942. Under the supervision of the Executive Director, the Bureaus of Old-Age and Survivors Insurance, Employment Security, and Public Assistance were responsible for the administration of the three major programs indicated by their titles. In addition, the Bureau of Old-Age and Survivors Insurance carried responsibility for administering civilian war benefits; the Bureau of Public Assistance, responsibility for civilian war assistance and aid to enemy aliens and others affected by restrictive governmental action. General and coordinating services for all programs were furnished by the service bureaus—Bureau of Accounts and Audits, Bureau of Research and Statistics, Informational Service, and Office of the Actuary—and by special units of the Office of the Executive Director. The Office of Appeals Council directed and supervised hearings with respect to old-age and survivors insurance payments and wage records and civilian war benefits, and reviewed decisions of appeals referees serving in the several regions. The 12 regional offices[3] of the Board under the supervision of regional directors—who also serve as regional directors of Community War Services—were staffed with representatives of each program bureau and with service units concerned with accounting and auditing

[2] The Senate on July 5, 1943, confirmed the reappointment of Mrs. Woodward for a 6-year term expiring August 13, 1949.

[3] The Federal Security Administrator announced on August 29, 1943, that Regions II and III would be consolidated, effective October 1, 1943, with headquarters in New York City.

operations, informational activities, and maintenance of State merit systems. Legal services to the Board and its regional offices were furnished by the Office of the General Counsel of the Federal Security Agency. Responsibilities for personnel administration were centered in the Office of Personnel and Business Management Services in the Office of the Executive Director.

On September 17, 1942, to consolidate all activities relating to utilization of manpower during the war, the President, by Executive Order No. 9247, transferred the U. S. Employment Service from the Social Security Board to the War Manpower Commission. The formal transfer of functions was effected on December 1, 1942, though final transfer of funds and some personnel and termination of certain Board services in connection with the U. S. Employment Service did not occur until later.

Field operations of the Social Security Board were conducted as of June 30, 1943, in 12 regional offices, 2 Territorial offices, 5 area offices, 471 field offices, 16 branch offices, and 1,191 stations with itinerant service. These figures represent 7 fewer field offices, 6 more branch offices, and 611 fewer stations with itinerant service than on June 30, 1942. Throughout this fiscal year the central administrative offices of the Bureau of Old-Age and Survivors Insurance have been located in Baltimore to help relieve the crowded conditions in Washington.

In line with the Board's long-standing policy of decentralizing operation whenever possible, the decentralization of old-age and survivors insurance claims adjudication, review, and benefit-payment operations, which was inaugurated with the opening on June 1, 1942, of the first area office in Philadelphia, was extended by the opening of area offices in New York City (July 1), Chicago (August 1), and New Orleans and San Francisco (September 1). In August 1942, the regional offices took over the preparation of pay rolls for Board employees in their territory. Decentralization of responsibility for personnel actions of certain grades, time and leave records, and other personnel activities began in Region IV in September 1942 and was extended to all regions by the end of the fiscal year. Personnel payroll operations for the area offices were transferred from Washington to regional offices at the close of the fiscal year.

Personnel administration.—On June 30, 1943, the Social Security Board had 10,585 employees, comprising 1,167 in Washington, 4,870 in the Bureau of Old-Age and Survivors Insurance in Baltimore, and 4,548 in regional, area, and field offices. The decrease of 2,712 employees from the number on June 30, 1942, is due, in part, to the transfer in December 1942 of the U. S. Employment Service, with about 1,000 Board employees, to the War Manpower Commission.

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The remainder of the decrease represents reductions made because of wartime shortages in labor and the need for wartime economy. Reduction in the number of jobs held was facilitated by the increase in the workweek, beginning in December 1942, from 44 to 48 hours, and by the year's losses in personnel through inductions into the armed forces and transfers to war agencies. Another important factor was the concerted effort to simplify all operations to the utmost extent compatible with effective administration and to eliminate all activities which could be discontinued or postponed in view of the war emergency.

The Board has pioneered among Government departments in adapting and applying the principles of job instruction, job methods, and employee-relations training developed by the War Manpower Commission for training within industry. Job simplification has been made a responsibility of staff at all levels, rather than merely of supervisory personnel. A systematic program has been established whereby employees are shown how to analyze their own jobs and urged to submit constructive plans for eliminating any unnecessary steps and streamlining essentials to ensure the utmost economy in labor and materials. All such proposals receive careful consideration by the persons authorized to approve those which merit adoption, and the contribution of each employee is recognized. As a result, many major and minor improvements in administrative processes have been effected, offsetting some of the very serious difficulties which the Board has faced through loss of skilled and experienced personnel and, furthermore, permitting positive economies. Such economies are evidenced both in the decline in the total number of employees and in savings in equipment and materials. Desks and filing cabinets, typewriters, computing machines, and telephone instruments have been released to war agencies. Use of paper and printing has been restricted by curtailing correspondence, discontinuing certain forms and releases, and reducing the size or frequency of others.

Expenditures.—Expenditures by the Social Security Board in the fiscal year 1942–43 amounted to $475.9 million, of which $432.1 million, or 91 percent, represented advances certified for grants to States for public assistance and unemployment compensation administration; $15.6 million, or 3 percent, for Federal operation of employment services in the States from July to November 1942; and $28.2 million, or 6 percent, administrative expenses of the Board. These figures do not include expenditures from funds allocated to the Board for war emergency programs.

As in the previous fiscal year, the largest part of the Board's administrative expenses was attributable to the old-age and survivors insurance program and is reimbursed from the Federal old-age and survivors insurance trust fund; payments from that fund

consisted of $149 million in benefit payments certified by the Board and $27 million for administrative expenses incurred by the Social Security Board and the Treasury Department. Federal grants for old-age assistance ($319.2 million) and for aid to the blind ($8.5 million) were 7 percent more than last year, while the $67.9 million granted for aid to dependent children was 2 percent less. These figures do not include State shares of administrative costs and assistance payments under the approved plans for which these grants were made. Expenditures for unemployment compensation administration were 30 percent less than those of last year, but the data for the two periods are not strictly comparable (table 3).

Travel expenditures of the Board were cut 39 percent from 1941–42 and miscellaneous general expenses 11 percent, while salary outlays were 5 percent larger. The increase in salary expenditures reflects the congressional action in compensating civil employees of the Federal Government for hours of work in excess of 40 hours a week. The workweek of employees of the Social Security Board was lengthened from 39 to 44 hours a week in January 1942, but additional compensation was not given until December 1942, when hours of work were increased to 48 a week, and was not payable to employees in the higher salary classes until May 1943. Since overtime pay adds about 20 percent to the basic pay roll, with larger percentage increases for low salaries than at higher levels, the rise of only 5 percent in total expenditures for salaries reflected staff reductions.

Old-Age and Survivors Insurance

The impact of the war bore upon many aspects of the old-age and survivors insurance program, which is the only program of the act administered wholly by the Federal Government. Wartime conditions were reflected directly in administration of the emergency provisions for civilian war benefits, described elsewhere in this report, and in other situations reflected in claims, such as the development of regulations for the payment of old-age and survivors insurance in claims on behalf of missing seamen. Regular operations were greatly affected by the rise in employment, which necessitated the establishment and maintenance of wage records for additional millions of workers. While the increase in old-age beneficiaries was less than would have been anticipated in peacetime, employment conditions increased the number of wage earners with insured status. A temporary trend toward slightly higher death rates in the general population and an increase in the number of workers with insured status sustained the volume of claims for survivor benefits. The total number of claims received in the fiscal year was 6,400 more than in 1941–42. At the same time, both the departmental and field

staffs of the Bureau of Old-Age and Survivors Insurance, which contain a high proportion of young employees, were especially heavily affected by loss of experienced personnel through inductions into the armed forces and transfers to war agencies. The total number of employees of the Bureau at the end of the fiscal year (8,734) was 10 percent less than a year earlier, and the number of departmental employees (4,680) was nearly 20 percent less.

Services to beneficiaries and claimants.—Over the year, the total number of beneficiaries increased about one-third. Staff services on behalf of these individuals were increased disproportionately by the fact that large numbers of benefits were suspended temporarily (and often subsequently resumed) as the beneficiary himself or another person with respect to whose wages the benefit was payable took covered employment.

Personnel shortages and the need for economy made it necessary, however, to reduce the field organization primarily concerned with relationships with beneficiaries and claimants. Plans were made to close 37 field offices, with transfer of functions to offices in adjoining localities or substitution of itinerant or part-time service, and 8 offices were closed before the end of the year. Such changes and the necessary wartime restrictions on the use of automobiles and other transportation inevitably limit personal contacts with claimants, beneficiaries, and workers. Unless the claimant or beneficiary can come to the office, contacts must be maintained by mail, and many claims are developed wholly by correspondence. Since letters and leaflets are often an unsatisfactory substitute for oral explanation, this change has many disadvantages.

Various changes were made in claims policies and procedures to adjust to wartime conditions, effect a closer approach to the social objectives of the system, and promote administrative economies. Such changes as decentralization of claims adjudication from Washington to the five area offices have resulted, despite other pressures, in an increase in over-all efficiency of claims operations. The most recent test indicates that adjudication of a claim in the area office requires, on the average, only 4.4 days from its receipt until it is certified to the Treasury for payment; for claims which require no additional evidence of eligibility for benefits, the average is 2.7 days.

Appeals.—Under a provision of the Social Security Act, claimants who are dissatisfied with the Board's determination of their wage credits or benefits may request hearings. During the fiscal year, such requests were filed in 934 cases, and final decisions of referees or the Appeals Council were rendered in 877 cases.

Simplified procedures.—Intensive effort was made continuously throughout the year to streamline operation of the program. Analysis of past experience indicated that some procedures and activities

which had been important in the initial stages of the program could be eliminated without serious detriment to essential functions; other simplifications, while a wartime necessity, represent curtailments in services to wage earners and beneficiaries which would be inadvisable in ordinary circumstances. Simplified procedures were adopted for verifying wage reports and proofs of age, school attendance, relationship, and other situations involved in the entitlement of claimants and their continued receipt of benefits. The date of birth as shown on the application for an account number is accepted as proof of age if established prior to the passage of the 1939 amendments and if in agreement with information on the claims application. This step represents a significant current saving of labor and will be especially important when a backlog of deferred claims pours in at the end of the war. In about 80 percent of the cases tested, the age indicated by the application form was substantiated by the proven date of birth from other sources; in only 7 percent did that form overstate age, and in 13 percent the age was understated. As a further economy in field operations, the Board has placed upon parents or other relatives, rather than the school authorities, responsibility for reporting that a child beneficiary has ceased to attend school regularly.

Because of difficulties in obtaining proof of the death of wage earners, particularly individuals dying outside the United States, the Board has amended its regulations to accept as proof of death, in certain circumstances, reports as to fact and date of death made by another Government agency which is required to make such findings for the proper administration of its provisions of law. The date of "missing in action" may be accepted as the date of death. Postmarks are now accepted as filing dates of applications when a loss of benefits would otherwise occur. The categories of persons permitted to administer oaths for applications for benefits were enlarged to include postmasters, Federal officials, and, for individuals in the armed forces of the United States, any commissioned officer of the armed services. Death notices of persons with presumed insured status are no longer sent to field offices, since investigation has revealed that in 80 percent of the cases the field office already had word of death from other sources. Field offices no longer send advance notice to persons of their probable eligibility for benefits as they approach age 65.

Services to other agencies.—Field and departmental personnel and other resources of the old-age and survivors insurance system have been made available, on request, to various war agencies. Three field surveys on the use of critical war materials were made by Board personnel for the War Production Board, and extensive card-punching operations were performed for that Board and the Federal Housing Administration. Punch-card operators were trained for the Navy Department. A master employer index, classifying information re-

ceived during the year on the products and services of some 1.7 million employers, has been used by the Offices of Price Administration and War Information and by the Bureau of the Census, the Bureau of Labor Statistics, and the Federal Power Commission.

In line with the war effort, notices were sent by the Board to beneficiaries of old-age and survivors insurance to call to their attention the fact that wages earned in agriculture would not cause interruption or reduction in any payments to which they were entitled, since earnings from noncovered employment do not preclude simultaneous receipt of benefits. It is not believed, however, that the benefit rolls afford any significant labor resources, since studies of beneficiaries indicate that a large proportion of the present aged beneficiaries are partially or wholly disabled, while the survivor beneficiaries include predominantly children or women with children in their care. It is believed that most of the potential beneficiaries who are able to work are among the hundreds of thousands who have failed to claim benefits for which they could qualify on leaving covered employment.

Federal-State Programs

Continuing review of amendments to State laws and revisions in State plans is required by the Board's statutory responsibilities for determining that State unemployment compensation laws and public assistance plans accord with the conditions prescribed in the Federal act and that the administration of each State law and plan is such as to entitle the State to continued certification of Federal grants.

Although conditions for approval, bases for Federal financial participation, and methods of estimating Federal grants are different for the two Federal-State programs, certain Federal responsibilities are identical and require parallel cooperation at Federal and State levels. The Board must determine that the State plan or law provides methods of administration necessary for the proper and efficient administration of the State program and includes methods relating to the establishment and maintenance of personnel standards on a merit basis, opportunity for a fair hearing for all individuals whose claims for payments are denied, and provision for making such reports as the Board may require. In many respects, these requirements have represented new areas of Federal-State relations. The Board believes that the intent of the Social Security Act is realized most promptly by giving State agencies full information on the criteria used in Federal appraisal of their programs and by utilizing State experience, whenever possible, in the development of the bases for appraising State laws and plans, administration, and budgetary needs.

Interpreting provisions of the Federal law.—The terms of the Social Security Act name certain conditions for approval of State laws and plans which require definition or interpretation by the Board. For

example, in unemployment compensation, the Board has had to interpret "fair hearing," "impartial tribunal," and the like, while in public assistance it has been necessary to define "money payments," "income and resources," and similar terms to establish criteria for review of State plans.

During the fiscal year 1942–43, amendments to 48 State unemployment compensation laws required analysis for their conformity with the Social Security Act and Federal Unemployment Tax Act, and changes in 242 public assistance plans for 36 States required similar review by the Board. Through State letters, manuals on procedures for war emergency programs, and other administrative channels, moreover, the Board has informed States of modifications necessary, permissible, or desirable in the war emergency to take account of new Federal legislation, Executive orders, and the operations of newly established Federal agencies. Reciprocal agreements with Canada needed implementation. Other Federal action, such as regulations for the operation of coal mines and other establishments under Government control, prompted transmittal of information to the States with respect to the probable continued liability of the operating companies for contributions and the continued coverage of the services of their employees under the State unemployment compensation laws.

The transfer of the U. S. Employment Service to the War Manpower Commission has necessitated agreements with the War Manpower Commission to assure that employment service facilities necessary for the proper administration of State unemployment compensation laws are made available to State agencies. The Social Security Board has developed channels for keeping States informed of War Manpower Commission policies in referring workers to essential war industries, in order that State unemployment compensation programs and national labor-market objectives may be coordinated. Within the limitations set by a State law, such policies may have an important bearing upon a State's determination of suitable work and availability for work. Since effective mobilization of labor for the war effort may be hampered or promoted by State policies in paying unemployment benefits, the Board has informed the States of its belief that the provisions of the various State laws permit sufficient discretion in their application to make them adaptable to the changing conditions of the labor market.

In public assistance, it has been necessary to interpret the provisions of Federal law relating to disregard of income from agricultural labor in the consideration of resources of certain old-age assistance recipients (Public, Nos. 45 and 67, 78th Cong., 1st sess.). Migration of dependent families has entailed review of residence requirements of State laws so that the State determinations of residence will not leave a person stranded without eligibility for assistance in any juris-

diction. Inadequate resources of families of some servicemen have led the Social Security Board to interpret absence from home for military service as "continued absence from the home" for the purposes of determining eligibility for aid to dependent children.

Developing personnel standards.—Development of State personnel merit systems under the impetus of the Social Security Act constitutes an especially significant contribution of the social security program to public administration. By June 30, 1943, State employment security and public assistance personnel were included in State-wide civil-service systems in 17 States, the District of Columbia, and Hawaii. In 8 of these jurisdictions, county employees of public assistance are covered by county-wide civil-service or agency merit systems. Joint merit systems covering also employees of State public health and welfare agencies have been established in 20 States and Alaska; joint merit systems for employment security and one or more public assistance programs, in 6 States. The remaining 5 States had separate merit systems for employment security and public assistance personnel; all these States included the personnel for all approved public assistance programs under a single merit system.

In collaboration with the Bureaus of Public Assistance and Employment Security, the State Technical Advisory Service in the Office of the Executive Director has developed, in the light of experience, wartime modifications of Board standards for merit-system administration; has rendered technical assistance to the States in the development and maintenance of personnel merit-system plans; has advised and assisted State agencies, civil-service boards and commissions, merit councils, and supervisors in the technical aspects of merit-system administration; and has conducted reviews of State personnel merit-system administration.

As a result of loss of personnel to the armed forces and to war industry and Federal civilian service, State agencies have experienced difficulty in retaining and recruiting qualified employees, even with the assurance of continuity of service and the well-defined plans for classification, remuneration, and promotion which are inherent in merit-system standards. In recognition of these difficulties, the Board has permitted certain wartime modifications in State personnel practices designed to help States select the best qualified persons available for appointment and to assure permanent status for those who make good. The Board has also approved State measures for limited war-duration tenure, with and without competitive examinations; for intensive recruitment in a broadened field of potential candidates; for extending the period of provisional appointments; for expediting the examination and certification processes; and for retaining well-qualified employees. The current need for more realistic compensation scales in State agencies, overtime pay, upgrading, and appointments

above the minimum entrance salary has been recognized by the Board. State social security agencies have significant responsibilities related to the war effort. They are also permanent organizations which will probably require expansion when the war ceases. Current personnel problems of the States therefore differ markedly in some respects from those of Federal agencies, in which a peacetime reduction is to be anticipated.

The Board's responsibilities under the Social Security Act preclude exercise of authority with respect to the selection, tenure, and compensation of any individual employed by the State social security agency. In making unemployment compensation grants, the Board is responsible for determining the total costs of proper and efficient administration of the State program. In this connection the Board has felt that State compensation plans for various classes of employment security personnel must be relatively comparable with those of other State departments and at the same time entail costs which can be met from title III funds with equitable distribution among the States. In public assistance, the Board shares in State administrative costs by adding 5 percent to the Federal grants to States for old-age assistance payments to individuals and by meeting half the State administrative costs for aid to the blind and aid to dependent children.

Continuing services to States in the field of personnel administration have included preparation of a fiscal manual for joint merit-system administration, recommendations on policies for compensatory overtime leave and overtime pay, sample examination materials available to States on request, aid in establishing classification and other standards for revised systems, and review of State laws and regulations as they affect the personnel merit-system standards under programs approved by the Social Security Board. The State Technical Advisory Service continues to provide services to the War Manpower Commission in connection with the status of State employment service personnel, who became employees of the Social Security Board as of January 1, 1942, and were transferred to the War Manpower Commission on December 1, 1942, as well as in other aspects of personnel administration.

Collaborating in administrative appraisal.—The regional organization of the Board has from the outset provided a two-way exchange of Federal-State experience in social security administration. State agencies consult the Board's regional staff on problems in adjusting their programs to Federal and State legislative action and to the war emergency. Through its regional staff, the Board makes available to the States experience derived from Nation-wide operation of unemployment compensation and public assistance. Manuals for regional and field audits and the administration of Federal war emergency programs, and fiscal, budgetary, statistical, and other guides for

unemployment compensation administration, have provided uniformity in social security administration insofar as interpretation and application of Federal requirements are concerned.

In the first years of operation of State programs under the Social Security Act, the Board found it necessary to control, through line-item budgets, all administrative expenditures for State unemployment compensation agencies and to audit each public assistance payment for which a State claimed Federal matching. This detailed scrutiny and control of expenditures was effective in safeguarding the use of Federal funds during the initial stages of program development. As the programs were placed upon a sound operating basis, however, the need for maintaining line-item control over State expenditures became progressively less. A modified budget, based upon functional workload requirements, now permits the allocation of Federal funds to State employment security agencies on a lump-sum basis with flexibility of expenditures limited only by the requirement that such expenditures conform to the Board's fiscal policies and standards. Administrative reviews of State operations are providing constructive means of Federal-State collaboration, not only to ensure that the intent of the Federal law has been met but also to improve the effectiveness of joint undertakings of the Board and State employment security and public assistance agencies.

The continuing administrative review of public assistance programs illustrates collaborative Federal-State effort to assemble information of use to State and local public assistance agencies and at the same time fulfill the Board's responsibilities for assuring the effectiveness of State programs and for developing Federal policy. This review covers methods of taking applications for aid, determining eligibility, making payments, and handling complaints and appeals at the local level of operations through conferences with State and local staff and examination of samples of case records and other agency materials. Field representatives of the Board and representatives of the State agency work together in planning the review, choosing the areas and emphasis of the study, collecting information, and analyzing results. Appropriate measures for improving operations thus can often be effected by joint action while the review is in process, and issues which might result in conformity problems can be prevented.

Personnel from State employment security agencies are asked to aid in developing standards and procedures for more effective administration of the unemployment compensation program. At both Federal and State levels, analyses of methods of reporting and recording wages in employment covered by State laws, policies and practices in allowances and disallowance of claims, time lapse in benefit payments, and the issues involved and decisions rendered in appealed

claims for benefits have furnished procedural guides in a new field of public administration. The Board thus provides a clearing house for information and analyses dealing with the effect of provisions and methods of operation under diverse State laws to reveal the areas in which new efforts should be made to fulfill the objectives of Federal and State programs.

Evaluating Needs for Economic Security

A major function of the Social Security Board derives from its responsibility under the Social Security Act for studying and recommending methods of providing economic security. Analysis of the effectiveness of existing Federal and State programs of social insurance and assistance provides a means of gauging the strength and weakness of current public provision to offset wage loss and income deficiency and furnishes the background for recommendations to the Congress and to State agencies.

Major studies in the field of old-age and survivors insurance have centered on the continuous wage history of workers with taxable wages under the program; the variations in taxable wages for workers with less than 4 quarters of coverage in a year; the effect of qualifying conditions on the insured status of workers; and the race, sex, age, and geographic characteristics of the workers from whom the Federal Government collects insurance contributions toward old-age and survivors insurance protection. As a corollary to these studies of covered workers, analyses of the characteristics of excluded employment have revealed the extent to which the program falls short of providing the protection needed when age, disability, or death cuts off the normal source of family income.

Studies made in several large cities have furnished an objective basis for appraising the total resources of beneficiaries of old-age and survivors insurance and the reasons for workers' retirement. Similar studies of the effect of administrative procedures and Board regulations on wage records, benefit determinations, and imposition of penalties have indicated areas in which the Board has been able to simplify operations, achieve economies, and modify its interpretation of requirements to discharge more effectively its responsibilities to covered workers, claimants, and beneficiaries.

In Federal-State programs, the Board has a direct responsibility to the States as well as to the Congress in appraising the Nation-wide effectiveness of unemployment insurance and public assistance "in providing for the general welfare . . . by enabling the States to make more adequate provision for aged persons, blind persons, dependent . . . children . . . and the administration of their unemployment compensation laws . . . " [4]

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[4] Preamble to the Social Security Act.

In unemployment insurance, the Board's appraisal of current operations has included studies of administrative operations as well as the substantive provisions of the program. These analyses have included studies of the work-load factors involved in unemployment compensation operations; of the time and cost involved in various major operations; of methods of streamlining operations during the war period; of ways and means of decreasing the costs of maintaining wage records for persons with benefits frozen until their demobilization from the armed forces; and of appeals machinery. Analyses have been made of disqualifications of claimants because of limited availability for work and of the application of eligibility and disqualification provisions to claimants who have migrated to other States. Analyses of levels and duration of benefits and of industrial variations of wages and employment in all States have been continued. Special studies have been made of the characteristics of claimants in a period of labor shortage when public opinion questions the justification for paying unemployment benefits; of the solvency of the unemployment trust fund in the post-war period and the effects of reduced employer contribution rates allowed in States with experience-rating provisions; of the types and characteristics of claimants' dependents; and of the uneven incidence of wartime employment and the probable impact of conversion unemployment at the end of the war. All these studies of legislative provisions and administrative operations of State unemployment compensation laws throw light on the future efficacy of the system, particularly in the period of readjustment of industrial production to peacetime needs.

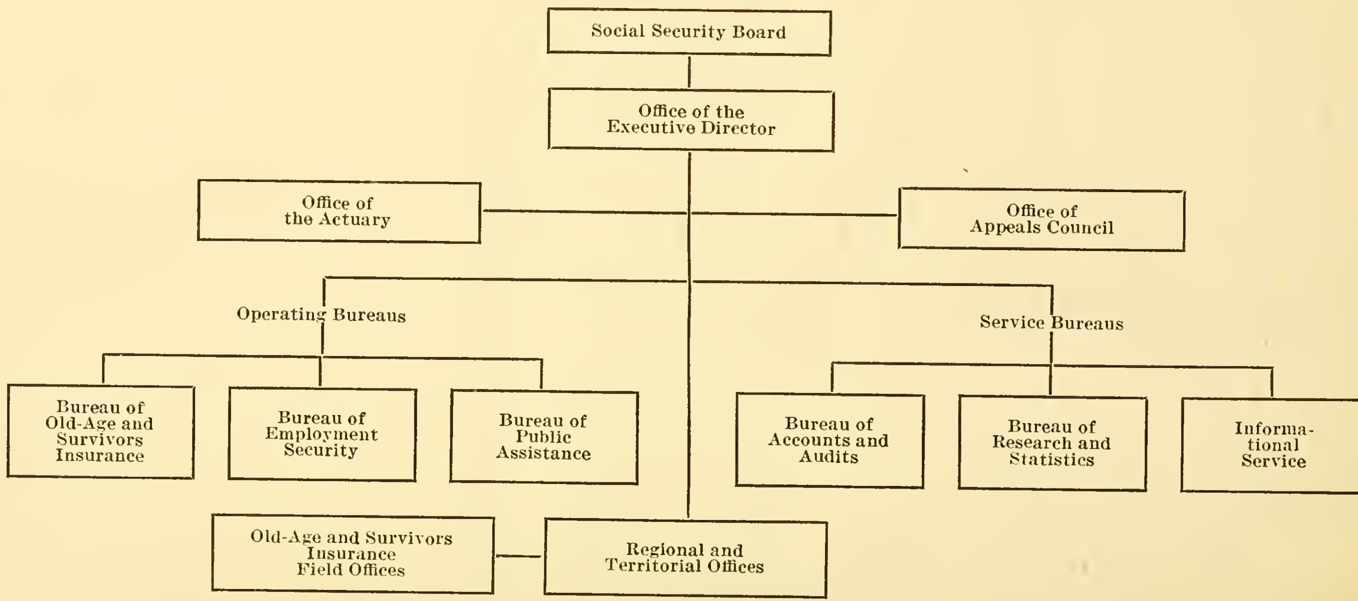
Valuable bases for State and Federal evaluation of the role of public assistance have been developed through analysis of the periodic reports made by State agencies to the Board and special or continuing study in such fields as the background and development of public and private aid in urban areas, the operation of general assistance throughout the country, the characteristics of public assistance recipients, methods used by State agencies in meeting needs of recipients for home services or care outside the home, wartime problems in the field of assistance, the effect of discontinuance of Federal work projects and distribution of agricultural commodities, and the extent to which Federal grants to States have reduced the financial burdens of State and local governments. Major deficiencies revealed by these studies indicate the consequences of lack of Federal participation in general assistance; the restrictive effect of residence requirements; the wide variations among States and localities in levels of payment which result from existing Federal and State maximums and the uniform matching basis of Federal grants; differences in the availability of State funds; the need of some recipients for services in addition to

assistance payments; and the inequality of Federal sharing in administrative costs of the three public assistance programs.

Long and short-range estimates of social insurance coverage, contributions, liabilities, and benefits are a necessary tool in safeguarding the solvency of insurance funds and the rights of participants in these programs. The Board of Trustees of the Federal old-age and survivors insurance trust fund, of which the Chairman of the Social Security Board is a member, reports each year to the Congress on the operation and actuarial status of the fund and its expected operation and status during the next ensuing 5-year period. The interrelationships of social insurance and assistance and other Federal and State efforts to provide protection against economic hazards are developed from further analyses of coverage, recipients, and the amounts and comparative levels of payments under various social security and related programs. These studies, supplemented by materials furnished by other agencies, indicate some of the major areas in which new or more effective efforts must be made for the general welfare.

The results of special surveys and analyses based on local or Nation-wide studies are distributed to State agencies for their guidance in planning for future developments and to others concerned with administration of social security programs. Periodic publications of the Board, such as the *Social Security Bulletin*, *Social Security Yearbook*, *Unemployment Compensation Interpretation Service*, and special statistical releases afford means of exchanging information among States, reporting to States and Federal agencies on Nation-wide developments in social security, and facilitating State evaluation of their programs in relation to those of other States.

Bureaus and Offices of the Social Security Board, as of July 1, 1943



APPENDIX

Regional and Territorial Offices of the Social Security Board, as of October 1, 1943

Region

I. Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. Regional director: John F. Hardy, Social Security Board, 120 Boylston Street, Boston 16, Mass.

II–III. Delaware, New Jersey, New York, Pennsylvania. Regional director: Peter Kasius, Social Security Board, 11 West Forty-second Street, New York 18, N. Y.

IV. District of Columbia, Maryland, North Carolina, Virginia, West Virginia. Regional director: Lavinia Engle, Social Security Board, Arlington Building, 1025 Vermont Avenue, Washington 25, D. C.

V. Kentucky, Michigan, Ohio. Regional director: Mary E. Woods, Social Security Board, Euclid Avenue and East Ninth Street, Cleveland 14, Ohio.

VI. Illinois, Indiana, Wisconsin. Regional director: Henry L. McCarthy, Social Security Board, Bankers Building, 105 West Adams Street, Chicago 3, Ill.

VII. Alabama, Florida, Georgia, Mississippi, South Carolina, Tennessee. Regional director: Richard H. Lyle, Social Security Board, 441 West Peachtree Street, Atlanta 3, Ga.

Region

VIII. Iowa, Minnesota, Nebraska, North Dakota, South Dakota. Regional director: Fred M. Wilcox, Social Security Board, Midland Bank Building, Fourth Street and Second Avenue, Minneapolis 1, Minn.

IX. Arkansas, Kansas, Missouri, Oklahoma. Regional director: John E. Wrenn, Social Security Board, 1006 Grand Avenue, Kansas City 6, Mo.

X. Louisiana, New Mexico, Texas. Regional director: James B. Marley, Social Security Board, North Presa and East Houston Streets, San Antonio 5, Tex.

XI. Colorado, Idaho, Montana, Utah, Wyoming. Regional director: Heber R. Harper, Social Security Board, 730 Seventeenth Street, Denver 2, Colo.

XII. Arizona,[1] California, Nevada, Oregon, Washington. Regional director: Richard M. Neustadt, Social Security Board, 785 Market Street, San Francisco 3, Calif.

Alaska. Territorial director: Hugh J. Wade, Social Security Board, Territorial Building, Juneau, Alaska.

Hawaii. Territorial director: Robert W. Beasley, Social Security Board, 425 Dillingham Building, Honolulu, T. H.

[1] Transferred from Region XI as of Nov. 1, 1942.

Area Offices of the Social Security Board

New York: 155 East Forty-fourth Street, New York 17
Pennsylvania: 121 North Broad Street, Philadelphia 7
Illinois: 188 West Randolph Street, Chicago 1
Louisiana: 829 St. Charles Street, New Orleans 13
California: 22 Battery Street, San Francisco 11

Field Offices of the Social Security Board, by Region and State, as of June 30, 1943

REGION I

Connecticut: Bridgeport, Hartford, Meriden, New Britain, New Haven, New London, Stamford, Torrington, Waterbury, Willimantic.

Maine: Augusta, Bangor, Lewiston, Portland.

Massachusetts: Attleboro, Boston (2), Brockton, Cambridge, Chelsea, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, Lynn, Malden, New Bedford, Pittsfield, Quincy, Salem, Springfield, Waltham, Worcester.

New Hampshire: Concord, Littleton, Manchester, Nashua, Portsmouth.

Rhode Island: Newport, Pawtucket, Providence, Woonsocket.

Vermont: Burlington, Montpelier, Rutland.

REGION II

New York: Albany, Auburn, Binghamton, Buffalo, Elmira, Glens Falls, Gloversville, Ithaca, Jamestown, Kingston, Newburgh, New Rochelle, New York City (Manhattan, 4; Bronx, 2; Brooklyn, 2; Jamaica; Long Island City; Staten Island), Niagara Falls, Ogdensburg, Oswego, Plattsburg, Poughkeepsie, Rochester, Schenectady, Syracuse, Troy, Utica, Watertown, Yonkers.

REGION III

Delaware: Wilmington.

New Jersey: Atlantic City, Bridgeton, Camden, Elizabeth, Jersey City, Newark, Passaic, Paterson, Perth Amboy, Trenton.

Pennsylvania: Allentown, Altoona, Ambridge, Braddock,[1] Chester, Du Bois, Easton, Erie, Greensburg, Harrisburg, Hazelton, Johnstown, Lancaster, McKeesport, New Castle, New Kensington, Norristown, Oil City, Philadelphia County (Philadelphia; Germantown; Kensington), Pittsburgh, Pottsville, Reading, Scranton, Sharon, Turtle Creek, Uniontown, Wilkes-Barre, Williamsport, York.

REGION IV

District of Columbia: Washington.

Maryland: Annapolis, Baltimore, Cumberland, Hagerstown, Salisbury.

North Carolina: Asheville, Charlotte, Durham, Fayetteville, Gastonia, Goldsboro, Greensboro, Hickory, High Point, Raleigh, Rocky Mount, Salisbury, Wilmington, Winston-Salem.

Virginia: Alexandria, Bristol, Danville, Lynchburg, Newport News, Norfolk, Petersburg, Richmond, Roanoke, Staunton.

West Virginia: Beckley, Bluefield, Charleston, Clarksburg, Huntington, Logan, Martinsburg, Morgantown, Parkersburg, Wheeling.

REGION V

Kentucky: Ashland, Bowling Green, Corbin, Covington, Frankfort, Hazard, Lexington, Louisville, Owensboro, Paducah.

Michigan: Battle Creek, Bay City, Detroit and Wayne County (Detroit, 2; Dearborn; Highland Park), Escanaba, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Marquette, Muskegon, Pontiac, Saginaw, Traverse City.

Ohio: Akron, Ashtabula, Canton, Cincinnati, Cleveland, Columbus, Dayton, Hamilton, Lima, Lorain, Mansfield, Marion, Nelsonville, Portsmouth, Springfield, Toledo, Warren, Youngstown, Zanesville.

REGION VI

Illinois: Aurora, Bloomington, Champaign, Chicago and Cook County (Chicago, 5; Cicero; Evanston; Harvey; Oak Park), Danville, Decatur, East St. Louis, Galesburg, Harrisburg, Joliet, Mount Vernon, Peoria, Quincy, Rockford, Rock Island, Springfield, Waukegan.

Indiana: Anderson, Bloomington, Elkhart, Evansville, Fort Wayne, Gary, Hammond, Indianapolis, Kokomo, La Fayette, Muncie, New Albany, Richmond, South Bend, Terre Haute.

Wisconsin: Eau Claire, Fond du Lac, Green Bay, Janesville, La Crosse, Madison, Milwaukee, Oshkosh, Racine, Sheboygan, Superior, Wausau.

REGION VII

Alabama: Anniston, Birmingham, Decatur, Dothan, Gadsden, Mobile, Montgomery, Tuscaloosa.

Florida: Gainesville, Jacksonville, Miami, Orlando, Pensacola, St. Petersburg, Tallahassee, Tampa, West Palm Beach.

Georgia: Albany, Athens, Atlanta, Augusta, Columbus, La Grange, Macon, Rome, Savannah, Valdosta, Waycross.

Mississippi: Columbus, Greenwood, Gulfport, Hattiesburg, Jackson, Meridian, Tupelo, Vicksburg.

South Carolina: Charleston, Columbia, Florence, Greenville, Greenwood, Rock Hill, Spartanburg.

Tennessee: Chattanooga, Columbia, Dyersburg, Jackson, Johnson City, Knoxville, Memphis, Nashville.

REGION VIII

Iowa: Cedar Rapids, Davenport, Des Moines, Dubuque, Fort Dodge, Ottumwa, Sioux City, Waterloo.

Minnesota: Albert Lea, Bemidji, Duluth, Minneapolis, Redwood Falls, St. Cloud, St. Paul, Winona.

Nebraska: Alliance, Grand Island, Lincoln, North Platte, Omaha.

North Dakota: Bismarck, Fargo, Grand Forks, Minot.

South Dakota: Aberdeen, Rapid City, Sioux Falls.

REGION IX

Arkansas: El Dorado, Fort Smith, Harrison, Hot Springs, Jonesboro, Little Rock, Pine Bluff, Texarkana.

Kansas: Atchison, Dodge City, Goodland, Hutchinson, Independence, Kansas City, Pittsburg, Salina, Topeka, Wichita.

Missouri: Cape Girardeau, Clayton, Hannibal, Jefferson City, Joplin, Kansas City, Poplar Bluff, St. Joseph, St. Louis (2), Sedalia, Springfield.

Oklahoma: Antlers, Ardmore, Clinton, Enid, Lawton, Muskogee, Oklahoma City, Ponca City, Shawnee, Tulsa.

REGION X

Louisiana: Alexandria, Baton Rouge, Lake Charles, Monroe, New Orleans, Shreveport.

New Mexico: Albuquerque, Roswell, Santa Fe.

Texas: Abilene, Amarillo, Austin, Beaumont, Big Spring, Brownsville, Corpus Christi, Dallas, El Paso, Fort Worth, Galveston, Houston, Lubbock, Lufkin, Paris, San Angelo, San Antonio, Tyler, Waco, Wichita Falls.

REGION XI

Colorado: Alamosa, Colorado Springs, Denver, Grand Junction, Greeley, Pueblo, Trinidad.

Idaho: Boise, Pocatello, Twin Falls.

Montana: Billings, Butte, Great Falls, Helena, Miles City, Missoula.[1]

Utah: Ogden, Richfield, Salt Lake City.

Wyoming: Casper, Cheyenne, Rock Springs, Sheridan.

REGION XII

Arizona: Flagstaff, Phoenix, Tucson.

California: Bakersfield, Eureka, Fresno, Los Angeles County (Glendale; Hollywood; Huntington Park; Long Beach; Los Angeles; Pasadena), Oakland, Redding, Sacramento, San Bernardino, San Diego, San Francisco, San Jose, San Mateo, Santa Barbara, Santa Rosa, Stockton.

Nevada: Las Vegas, Reno.

Oregon: Eugene, Klamath Falls, La Grande, Portland, Salem.

Washington: Bellingham, Olympia, Seattle, Spokane, Tacoma, Yakima.

TERRITORIAL

Alaska: Juneau.

Hawaii: Honolulu.

[1] Opened during fiscal year 1942–43.

Branch Offices of the Social Security Board, by Region and State, as of June 30, 1943

REGION I

Massachusetts: Dorchester.

REGION IV

Virginia: Pulaski.

REGION VI

Indiana: East Chicago.
Wisconsin: Kenosha.

REGION VII

Florida: Daytona Beach.
South Carolina: Anderson.

REGION X

Texas: Laredo.

REGION XI

Colorado: Boulder.
Montana: Havre.
Utah: Provo.

REGION XII

Arizona: Globe, Prescott.
California: Santa Monica.
Idaho: Lewiston.
Washington: Aberdeen.

TERRITORIAL

Hawaii: Hilo.

Number of Stations of the Social Security Board With Itinerant Service, by Region and State, as of June 30, 1943

		Number
Total		1, 191
Region I		85
Connecticut	19	
Maine	10	
Massachusetts	36	
New Hampshire	12	
Rhode Island	2	
Vermont	6	
Region II		71
New York	71	
Region III		87
Delaware	3	
New Jersey	17	
Pennsylvania	67	
Region IV		121
District of Columbia	3	
Maryland	12	
North Carolina	55	
Virginia	31	
West Virginia	20	
Region V		166
Kentucky	36	
Michigan	56	
Ohio	74	
Region VI		157
Illinois	53	
Indiana	57	
Wisconsin	47	
Region VII		168
Alabama	27	
Florida	21	
Region VII—Continued.		
Georgia	39	
Mississippi	22	
South Carolina	20	
Tennessee	39	
Region VIII		27
Iowa	3	
Minnesota	10	
Nebraska	14	
Region IX		104
Arkansas	31	
Kansas	24	
Missouri	25	
Oklahoma	24	
Region X		111
Louisiana	20	
New Mexico	6	
Texas	85	
Region XI		32
Colorado	20	
Idaho	4	
Montana	4	
Utah	1	
Wyoming	3	
Region XII		45
Arizona	3	
California	29	
Oregon	7	
Washington	6	
Territorial		17
Hawaii	17	

Table 1.—*Administrative expenditures of the Social Security Board, fiscal years 1941–42 and 1942–43*[1]

Expenditure	Fiscal year	
	1942–43	1941–42
Total	$28,195,432	$28,198,184
Salaries and travel	24,692,888	24,248,709
General expenses	[2] 3,502,544	[2] 3,949,475
Stationery and office supplies	354,532	519,721
Printed forms	255,286	255,985
Printing and binding (other than printed forms)	452,131	552,384
Furniture and equipment	189,386	424,108
Storage and care of vehicles	497	440
Rental of office space	750,918	677,648
Rental of equipment	915,903	956,428
Heat, light, power, and water	67,621	55,775
Repairs and alterations	50,160	27,032
Telegraph	23,571	24,756
Telephone	237,250	269,230
Other communication services	59,844	31,815
Freight and express charges	61,968	61,657
Advertising and publication of notices	35	256
Special and miscellaneous current expenses	83,442	92,240

[1] Represents expenditures from both regular and defense appropriations and thus differs from expenditures in table 4, which excludes expenditures from defense appropriations.
[2] Excludes operating and maintenance expenses (guard, elevator, and cleaning services) and rental of office space in District of Columbia. Beginning July 1941, these expenditures were assumed by the Public Buildings Administration.

Table 2.—*Salaries, travel expenses, and personnel of the Social Security Board, by fiscal year, 1936–43*

Fiscal year and office	Salaries	Travel expenses	Personnel, June 30		
			Total	Departmental	Field[1]
Fiscal year:					
1935–36	$460,512	$38,944	736	634	102
1936–37	6,350,489	766,257	5,748	3,313	2,435
1937–38	13,687,843	968,758	9,612	5,202	4,410
1938–39	15,966,567	1,015,006	9,661	5,557	4,104
1939–40	19,201,532	1,418,499	12,164	7,286	4,878
1940–41	20,693,515	1,522,240	12,682	8,066	4,616
1941–42	22,707,354	1,541,355	13,297	8,247	5,050
1942–43	23,757,429	935,459	10,585	5,846	4,739
Office of the Social Security Board	70,852	1,687	18	17	1
Office of the Executive Director	1,326,915	44,427	563	551	12
Regional and Territorial offices	901,471	15,930	385		385
Office of the Actuary	57,633	514	15	15	
Office of Appeals Council	122,750	18,554	33	12	21
Bureau of Old-Age and Survivors Insurance	17,617,521	496,475	8,734	4,680	4,054
Bureau of Employment Security	1,684,701	158,128	222	192	30
Bureau of Public Assistance	907,355	97,370	262	168	94
Bureau of Accounts and Audits	702,061	87,411	238	127	111
Bureau of Research and Statistics	208,381	2,981	73	53	20
Informational Service	157,789	11,982	42	31	11

[1] Includes employees in Baltimore who have field status.

Table 3.—*Advances certified*[1] *by the Social Security Board to the Secretary of the Treasury for Federal grants to States for public assistance and for unemployment compensation administration, and expenditures for employment services administered by the Social Security Board, by fiscal year, 1936–43, and by State, fiscal year 1942–43*

[In thousands;[2] data corrected to June 30, 1943]

Fiscal year and State	Total grants to States [3]	Public assistance [4]			Employment security [5]	
		Old-age assistance	Aid to dependent children	Aid to the blind	Unemployment compensation administration	Employment services administered by the Social Security Board [6]
Fiscal year:						
1935–36	$26,374	$21,421	$2,805	$1,126	$1,022	
1936–37	155,190	127,634	13,901	4,580	9,075	
1937–38	251,877	179,200	25,237	5,184	42,256	
1938–39	302,542	208,051	30,497	5,236	58,758	
1939–40	345,038	231,079	46,113	6,228	58,340	
1940–41	392,402	259,875	62,992	7,073	[7] 62,462	
1941–42	426,682	297,357	69,381	7,947	[8] 51,997	[9] $18,490
1942–43	435,102	319,176	67,927	8,519	[10] 39,480	[11] 15,622
Alabama	2,364	1,342	632	45	345	218
Alaska	330	279	(12)	(12)	51	19
Arizona	2,875	2,175	467	90	143	80
Arkansas	3,224	1,999	778	108	339	210
California	42,729	35,254	2,533	1,696	3,246	1,276
Colorado	9,930	8,533	1,062	139	196	150
Connecticut	4,442	3,172	480	32	758	257
Delaware	424	184	104	(12)	136	32
District of Columbia	1,218	591	264	65	298	(13)
Florida	5,315	3,876	727	277	435	174
Georgia	5,528	4,093	694	178	563	222
Hawaii	435	154	162	9	110	39
Idaho	2,386	1,643	551	47	145	67
Illinois	34,210	25,626	5,637	(12)	2,947	1,061
Indiana	12,985	9,039	2,471	410	1,065	435
Iowa	8,037	7,471	(12)	268	298	178
Kansas	6,478	4,705	1,232	221	320	139
Kentucky	4,871	4,110	152	80	529	206
Louisiana	6,985	3,870	2,478	187	450	205
Maine	2,916	2,123	408	141	244	95
Maryland	3,525	1,928	1,030	89	478	188
Massachusetts	21,684	17,369	2,376	175	1,764	641
Michigan	18,259	12,636	3,540	252	1,831	821
Minnesota	11,602	8,934	1,696	186	786	291
Mississippi	2,100	1,455	327	93	225	163
Missouri	16,112	12,445	2,568	(12)	1,099	562
Montana	2,515	1,795	496	53	171	70
Nebraska	5,020	3,788	913	101	218	132
Nevada	526	418	(12)	(12)	108	31
New Hampshire	1,460	1,042	188	49	181	65
New Jersey	7,474	4,123	1,379	120	1,852	611
New Mexico	1,344	651	543	36	114	48
New York	30,631	19,358	4,944	531	5,798	1,559
North Carolina	4,430	2,538	1,067	243	582	298
North Dakota	1,763	1,164	484	20	95	56
Ohio	27,437	22,291	2,370	561	2,215	846
Oklahoma	14,136	10,708	2,747	327	354	235
Oregon	4,288	3,289	364	78	557	228
Pennsylvania	26,963	14,763	8,948	(12)	3,252	1,321
Rhode Island	1,809	1,118	298	17	376	143
South Carolina	2,284	1,424	439	65	356	143
South Dakota	2,293	1,811	364	28	90	54
Tennessee	5,365	3,039	1,686	126	514	246
Texas	26,124	22,608	1,902	574	1,040	696
Utah	3,248	2,443	574	29	202	76
Vermont	893	586	144	23	140	42
Virginia	2,581	1,217	695	101	568	191
Washington	15,153	13,311	909	204	729	347
West Virginia	5,293	2,386	2,268	142	497	129
Wisconsin	10,224	7,704	1,677	277	566	283
Wyoming	882	595	159	24	104	42

See footnotes on following page.

Table 4.—*Federal appropriations and expenditures for administrative expenses and grants to States under the Social Security Act, fiscal years 1941–42 and 1942–43* [1]

[In thousands [2]]

Item	Fiscal year 1942–43		Fiscal year 1941–42	
	Appropriations [3]	Expenditures [4]	Appropriations [3]	Expenditures [4]
Total	$544,688	$503,692	$503,829	$501,020
Administrative expenses	27,128	33,276	26,129	31,461
Federal Security Agency, Social Security Board [5]	26,642	25,524	25,655	24,752
Department of Labor, Children's Bureau	376	366	364	363
Department of Commerce, Bureau of the Census	110	433	110	115
Department of the Treasury [6]	(7)	6,954	(7)	6,231
Grants to States	517,560	470,416	477,700	469,559
Federal Security Agency	506,360	458,509	466,500	458,062
Social Security Board	495,360	447,852	455,500	446,672
Old-age assistance	329,000	316,939	300,000	299,054
Aid to dependent children	78,000	67,287	74,000	69,406
Aid to the blind	8,710	8,493	9,000	7,954
Unemployment compensation administration	79,650	[8] 55,134	72,500	[8] 70,257
Public Health Service: Public health work	11,000	10,657	11,000	11,390
Department of Labor, Children's Bureau	11,200	11,907	11,200	11,497
Maternal and child health services	5,820	6,519	5,820	5,927
Services for crippled children	3,870	3,818	3,870	3,997
Child welfare services	1,510	1,570	1,510	1,573

[1] Excludes some funds appropriated and expended under the Social Security Act, because they are not separated from other Federal funds for similar purposes. Such is the case with funds for vocational rehabilitation for which $112,000 was appropriated for 1941–42 and $95,120 for 1942–43 for administration in the Office of Education, and $2,650,000 for 1941–42 and $2,800,000 for 1942–43 for grants to States. For disease and sanitation investigations of the Public Health Service, appropriations were $1,742,481 for 1941–42 and $1,419,680 for 1942–43 in addition to grants shown in this table.
[2] Totals are sums of unrounded figures; therefore may differ slightly from sums of rounded figures.
[3] Excludes unexpended balance of appropriations for previous fiscal year. Appropriations for 1941–42 include additional appropriations of $40 million approved Apr. 28, 1942.
[4] Based on checks cashed and returned to the Treasury. Includes expenditures from reappropriated balance of appropriations for previous fiscal year.
[5] Includes amounts expended by the Board in administration of title II of the Social Security Act, reimbursed to general fund of the Treasury. Includes amounts for administration of the Wagner-Peyser Act July–December 1941. See footnote 8.
[6] Represents amounts expended by the Treasury in administration of title II of the Social Security Act and the Federal Insurance Contributions Act, reimbursed to general fund of the Treasury.
[7] Not available.
[8] For July–December 1941, includes grants certified by the Social Security Board to States for employment service administration to meet requirements of unemployment compensation program, and excludes grants to States for employment service administration under the Wagner-Peyser Act. For January–November 1942, includes Federal expenditures for operation of employment services in the States.

Source: Various Federal appropriation acts (appropriations): *Daily Statement of the U. S. Treasury* (expenditures).

Footnotes to table 3.

[1] Advances are certified for specified period of operation which is not necessarily period in which certification is made.
[2] Totals are sums of unrounded figures; therefore may differ slightly from sums of rounded figures.
[3] Excludes expenditures for employment services administered by the Social Security Board.
[4] Data not comparable with expenditures for assistance and administration in table 10.
[5] Excludes grants to States for employment service administration under the Wagner-Peyser Act which amounted to $3.3 million in 1939–40, $3.2 million in 1940–41, and $1.6 million in 1941–42.
[6] As of Dec. 1, 1942, U. S. Employment Service was transferred to the War Manpower Commission. For January–November 1942, USES was administered by the Social Security Board and financed solely from funds under title III of the Social Security Act. Prior to 1942, USES was financed from 3 sources: State funds, matching Federal grants to States under the Wagner-Peyser Act, and Federal grants under title III of the Social Security Act.
[7] Excludes $1,156,859 expended for postage.
[8] For July–December 1941, includes grants certified by the Social Security Board to States for employment service administration to meet requirements of unemployment compensation program; excludes $1,922,789 expended for postage.
[9] For January–June 1942.
[10] Excludes $670,846 expended for postage.
[11] For July–November 1942.
[12] No plan approved by the Social Security Board.
[13] Not available; funds for the District of Columbia employment service included in funds of the Federal Bureau of Employment Security.

Table 5.—*Old-age and survivors insurance and unemployment compensation: Federal tax collections and financial operations of trust funds, by fiscal year, 1937–43, and by month, fiscal year 1942–43*

[In millions [1]]

Fiscal year and month	Federal insurance contributions [2]	Federal unemployment taxes [3]	Old-age and survivors insurance trust fund: Transfers and appropriations [4]	Interest [5]	Benefit payments [6]	Reimbursement for administrative expenses	Balance, end of period	Unemployment trust fund: State accounts: Deposits	Interest	Withdrawals [7]	Balance, end of period	Balance, end of period [8]
Fiscal year:												
1936–37	$194	[9] $58	$265	$2	(10)		$267	$292	$3	$1	$312	$312
1937–38	514	[9] 90	387	15	$5		777	748	15	191	884	884
1938–39	530	101	503	27	14		1,180	811	27	442	1,281	1,281
1939–40	605	108	550	42	16	$12	1,745	860	38	485	1,693	1,725
1940–41	691	98	688	56	64	27	2,398	892	46	537	2,094	2,284
1941–42	896	120	896	71	110	27	3,227	1,096	62	368	2,884	3,150
1942–43	1,130	158	1,130	87	149	27	4,268	1,218	76	174	4,003	4,372
1942												
July	49	3	49	(10)	11	2	3,263	52		31	2,904	3,171
August	212	8	212	(10)	11	2	3,462	216		30	3,091	3,364
September	3	1	3	1	12	2	3,452	9	(10)	23	3,077	3,370
October	44	3	44	(10)	12	3	3,482	50		15	3,111	3,405
November	231	9	231	(10)	12	3	3,698	242		12	3,341	3,636
December	4	1	4	1	12	3	3,688	13	35	10	3,379	3,698
1943												
January	37	14	37	(10)	12	2	3,711	40		12	3,407	3,726
February	237	99	237	(10)	13	2	3,934	261		11	3,657	3,977
March	3	3	3	1	14	2	3,922	11		11	3,657	4,000
April	43	3	43	(10)	14	3	3,950	35		8	3,684	4,027
May	265	12	265		14	3	4,198	277		6	3,955	4,298
June	3	3	3	84	14	3	4,268	13	41	6	4,003	4,372

[1] Totals are sums of unrounded figures; therefore may differ slightly from sums of rounded figures.
[2] Tax effective Jan. 1, 1937, payable by employers and employees.
[3] Tax effective Jan. 1, 1936, payable by employers only. Excludes amounts paid into State unemployment funds.
[4] Beginning July 1940, trust fund appropriations equal taxes collected under the Federal Insurance Contributions Act.
[5] Interest on investments held is credited annually in June; on investments redeemed, in month of redemption.
[6] Based on checks cashed and returned to the Treasury.
[7] Includes $105,901,000 transferred from State accounts to railroad unemployment insurance account.
[8] Includes balance in railroad unemployment insurance account.
[9] Includes $40,561,886 subsequently refunded to States which did not collect taxes on 1936 pay rolls and in which employers paid full tax to the Federal Government.
[10] Less than $500,000.

Source: Compiled from data in the *Daily Statement of the U. S. Treasury*.

Table 6.—*Unemployment trust fund:*[1] *Deposits, interest, withdrawals, and balance at end of period, by State, fiscal year 1942–43*

[In thousands [2]]

State	Balance, June 30, 1942	Fiscal year 1942–43			Balance, June 30, 1943
		Deposits	Interest	Withdrawals	
Total	$3,144,021	$1,316,485	$82,440	$171,600	$4,371,347
State accounts, total	2,880,900	1,218,078	75,583	171,600	4,002,961
Alabama	31,280	12,369	808	2,635	41,822
Alaska	2,202	1,393	63	10	3,648
Arizona	5,984	4,142	179	130	10,176
Arkansas	10,733	6,398	309	535	16,905
California	226,505	143,396	6,501	12,900	363,502
Colorado	15,184	6,528	411	246	21,877
Connecticut	76,116	28,931	2,006	1,665	105,388
Delaware	10,149	1,425	240	180	11,634
District of Columbia	28,207	8,585	720	629	36,883
Florida	16,664	10,734	449	2,210	25,636
Georgia	34,723	12,070	878	2,250	45,420
Hawaii	9,854	2,925	255	50	12,984
Idaho	4,035	3,895	133	145	7,919
Illinois	275,263	90,889	6,958	23,500	349,610
Indiana	73,698	33,032	1,969	3,800	104,900
Iowa	26,320	8,157	666	725	34,418
Kansas	18,642	10,713	524	675	29,204
Kentucky	45,895	12,600	1,155	1,360	58,290
Louisiana	23,313	15,070	657	2,400	36,640
Maine	10,254	8,930	319	742	18,760
Maryland	41,825	27,762	1,234	1,800	69,021
Massachusetts	123,541	33,235	3,059	5,700	154,135
Michigan	123,053	55,885	3,245	9,300	172,883
Minnesota	30,353	14,818	809	2,105	43,875
Mississippi	6,834	5,580	208	558	12,064
Missouri	87,382	14,630	2,033	4,675	99,369
Montana	6,432	3,554	183	162	10,007
Nebraska	10,590	4,390	278	270	14,988
Nevada	2,037	3,166	83	25	5,260
New Hampshire	10,225	3,974	271	420	14,050
New Jersey	210,161	59,890	5,161	9,675	265,537
New Mexico	3,680	1,850	103	55	5,578
New York	349,109	192,306	9,149	50,170	500,393
North Carolina	40,241	20,062	1,121	1,460	59,964
North Dakota	2,544	705	64	70	3,243
Ohio	249,797	50,980	6,045	4,945	301,877
Oklahoma	22,622	7,410	574	990	29,616
Oregon	19,814	14,747	609	482	34,688
Pennsylvania	261,251	133,440	7,176	8,300	393,567
Rhode Island	27,091	15,538	756	2,555	40,830
South Carolina	18,493	6,265	473	910	24,321
South Dakota	3,846	898	97	46	4,795
Tennessee	24,020	16,695	680	3,400	37,995
Texas	72,728	23,637	1,873	1,400	96,838
Utah	6,777	6,170	217	220	12,943
Vermont	5,335	2,031	141	130	7,377
Virginia	30,776	12,165	804	1,660	42,086
Washington	39,393	28,720	1,206	525	68,794
West Virginia	31,727	12,787	832	1,385	43,961
Wisconsin	71,082	21,042	1,808	1,420	92,513
Wyoming	3,120	1,563	89	(3)	4,772
Railroad unemployment insurance account	263,121	98,408	6,857	(4)	368,386

[1] Trust fund maintains separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments. Railroad unemployment insurance benefits are certified by the Railroad Retirement Board and made by the Secretary of the Treasury from the railroad account in the trust fund.

[2] Totals are sums of unrounded figures; therefore may differ slightly from sums of rounded figures.

[3] Cash in State benefit-payment account was sufficient to cover benefit expenditures of $26,229 without withdrawal from account in trust fund in fiscal year.

[4] Cash in disbursing account was sufficient to cover benefit expenditures of $1,830,000 without withdrawal from fund in the fiscal year.

Source: Compiled from data furnished by the Treasury Department, Office of the Commissioner of Accounts and Deposits.

Table 7.—*Old-age and survivors insurance: Summary of selected data, by State and specified period*

State	Employee accounts established, fiscal year 1942–43 [1]	Workers with taxable wages, calendar year 1941 [2]	Average taxable wage per worker, calendar year 1941 [3]	Monthly benefits in force, Dec. 31, 1942: Total: Number	Monthly benefits in force, Dec. 31, 1942: Total: Monthly amount	Monthly benefits in force, Dec. 31, 1942: In current-payment status [4]: Number	Monthly benefits in force, Dec. 31, 1942: In current-payment status [4]: Monthly amount	Monthly benefits certified, fiscal year 1942–43 [5] (in thousands)	Lump-sum payments certified, fiscal year 1942–43 [6] (in thousands)
Total	8, 326, 799	39, 866, 350	$1, 011	691, 617	$12, 574,323	598, 342	$10, 781,532	$139, 139	$16, 545
Alabama	177, 762	602, 300	745	10, 261	147, 308	9, 296	131, 702	1, 708	192
Alaska	3, 569	31, 625	1, 112	183	3, 583	147	2, 839	36	7
Arizona	40, 897	113, 050	868	1, 988	33, 218	1, 769	29, 008	375	47
Arkansas	120, 560	279, 700	530	4, 470	63, 373	3, 993	55, 950	725	69
California	614, 511	2, 540, 825	1, 078	41, 094	807, 179	34, 216	665, 053	8, 560	1, 100
Colorado	72. 629	272, 175	836	5, 161	95, 057	4, 366	79, 324	1, 022	106
Connecticut	98, 870	807, 975	1, 258	12, 659	244, 388	10, 724	206, 945	2. 671	367
Delaware	17, 693	122, 575	1, 155	1, 781	33, 106	1, 539	28, 281	365	47
District of Columbia	63, 192	259, 425	938	2, 942	54, 906	2, 577	47, 874	619	113
Florida	143, 444	554, 125	628	10, 582	185, 044	9, 227	161, 000	2, 070	182
Georgia	201, 630	768, 175	630	10, 072	142, 857	8, 941	123, 666	1, 605	214
Hawaii	15, 991	116, 300	756	2, 203	34, 689	1, 906	29, 757	385	27
Idaho	30, 034	109, 575	763	1, 707	29, 219	1, 425	23, 751	306	27
Illinois	461, 169	2, 983, 650	1, 112	47, 701	927, 076	41, 028	792, 373	10, 217	1, 354
Indiana	238, 384	1, 133, 100	1, 059	18, 775	337, 064	16, 441	292, 977	3, 778	449
Iowa	115, 344	498, 350	812	9, 216	160, 018	7, 979	137, 466	1, 769	162
Kansas	104, 600	347, 100	724	6, 071	103, 603	5, 288	89, 370	1, 151	104
Kentucky	144, 159	488, 300	789	11, 477	176, 245	10, 415	157, 617	2, 042	204
Louisiana	146, 817	550, 200	700	7. 799	119, 505	6, 820	102, 843	1, 335	196
Maine	48, 771	282, 300	790	5, 919	101, 427	4, 938	84, 410	1, 085	112
Maryland	111, 036	660, 700	999	9, 977	175, 837	8, 732	153, 864	1, 989	308
Massachusetts	265, 393	1, 646, 825	1, 088	33, 653	650, 192	28, 620	552, 938	7, 125	810
Michigan	367, 035	1, 921, 650	1, 310	28, 638	531, 384	24, 565	450, 421	5, 833	807
Minnesota	144, 649	603, 925	925	10, 646	205, 824	9, 332	178, 743	2, 303	225
Mississippi	113, 837	301, 425	545	4, 089	55, 154	3, 527	45, 523	592	81
Missouri	227, 903	1, 050, 325	916	16, 616	303, 503	14, 236	258, 113	3, 324	399
Montana	24, 570	125, 200	890	2. 100	39, 039	1, 798	33, 221	429	62
Nebraska	70, 864	225, 800	724	3, 623	62, 935	3, 079	52, 583	677	65
Nevada	9, 663	40, 325	970	468	8, 623	391	6, 995	91	14
New Hampshire	24, 936	158, 900	860	4, 142	72, 853	3, 434	59, 816	767	72
New Jersey	239, 513	1, 615, 775	1, 177	30, 680	611, 583	26, 471	528, 221	6, 811	852
New Mexico	30, 549	91, 125	683	1, 213	18, 005	1, 066	15, 562	203	20
New York	842, 133	5, 160, 675	1, 145	92, 997	1, 815, 729	79, 893	1, 557, 986	20, 071	2, 436
North Carolina	198, 873	852, 300	654	12, 438	171, 757	11, 084	150, 764	1, 956	231
North Dakota	22, 077	74, 750	613	925	15, 746	807	13, 543	175	16
Ohio	473, 326	2, 425, 450	1, 195	44, 914	854, 928	38, 682	727, 192	9, 381	1, 117
Oklahoma	158, 283	390, 575	755	5, 729	96, 366	5, 013	83, 328	1, 079	109
Oregon	90, 920	354, 475	973	6, 074	111, 338	4, 762	86, 111	1, 109	153
Pennsylvania	581, 214	3, 323, 850	1, 142	71, 367	1, 320, 580	63, 094	1, 162, 237	15, 007	1, 614
Rhode Island	40, 045	320, 000	1, 046	5, 933	111, 529	4, 974	93, 976	1, 209	161
South Carolina	104, 678	453, 575	611	6, 624	87, 601	5, 905	76, 114	989	119
South Dakota	26, 252	81, 575	680	1, 223	21, 569	1, 074	18, 606	239	22
Tennessee	189, 315	667, 275	714	10, 203	150, 458	8, 995	129, 693	1, 680	189
Texas	472, 966	1, 532, 750	746	19, 585	309, 104	17, 207	266, 890	3, 460	461
Utah	46, 831	127, 875	815	2, 536	44, 068	2, 187	37, 412	485	37
Vermont	15, 377	94, 975	772	2, 422	42, 785	1, 997	34, 857	449	36
Virginia	153, 774	754, 650	774	11, 538	173, 014	10, 187	151, 330	1, 963	252
Washington	137, 289	567, 625	1, 082	10, 982	212. 073	8, 916	169, 331	2, 178	270
West Virginia	95, 075	483, 300	1, 010	11, 760	190, 716	10, 835	174, 168	2, 262	161
Wisconsin	174, 956	838, 850	1, 076	15, 417	292, 805	13, 527	253, 819	3, 272	352
Wyoming	13, 441	59, 025	871	838	14, 978	720	12, 725	165	15
Foreign	--------	--------	--------	206	3, 382	197	3, 244	42	(7)

[1] Includes approximately 107,000 applications from War Department civilian employees.

[2] Compiled from 4-percent sample which includes wage records of 1,594,654 workers and $1,611,492,633 in taxable wages identified for posting to individual accounts by July 1, 1942. Taxable wages in tabulation exclude wages in excess of first $3,000 a year earned by a worker. Tabulation excludes data for workers whose sex and/or race was unreported, items not identified for posting, and items reported too late for inclusion in tabulation. It is estimated that tabulations include 97.7 percent of total workers and 96.0 percent of total taxable wages paid during year.

[3] Unadjusted for nontaxable wages erroneously reported, or for wages not counted in determining insurance benefit. Wages over $3,000 a year paid to a worker by a single employer are not taxable. Beginning 1940, all wages in excess of $3,000 a year received by a worker are excluded in benefit computations.

[4] Subject to no deduction from current month's benefit or only to deduction of fixed amount which is less than current month's benefit.

[5] Includes retroactive payments. Distribution by State estimated. Corrected to July 30, 1943.

[6] Payable under 1939 amendments with respect to workers who died after December 1939, if no survivor could be entitled to monthly benefits for month in which worker died. Distribution by State estimated. Corrected to July 30, 1943.

[7] Less than $500.

Table 8.—*Old-age and survivors insurance: Number and amount of monthly benefits in force and in current-payment status,[1] by type of benefit, June 30, 1941–43*

Type of benefit	June 30, 1943		June 30, 1942		June 30, 1941	
	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount
In force	795,712	$14,484,616	595,590	$10,829,913	372,339	$6,815,164
Primary	349,240	8,078,785	277,463	6,333,159	184,545	4,187,238
Wife's	99,516	1,225,285	77,677	943,617	49,365	597,778
Child's	220,547	2,701,544	155,799	1,897,210	91,428	1,114,016
Widow's	38,191	769,315	21,934	443,046	9,709	197,141
Widow's current	84,669	1,663,327	60,507	1,180,290	35,861	700,441
Parent's	3,549	46,360	2,510	32,591	1,431	18,550
In current-payment status	676,302	12,198,617	529,876	9,554,886	336,240	6,095,575
Primary	284,063	6,598,535	237,459	5,431,459	160,401	3,635,737
Wife's	84,398	1,045,686	68,760	838,431	44,320	537,140
Child's	201,954	2,478,715	147,674	1,803,424	88,091	1,076,136
Widow's	37,680	758,205	21,694	437,580	9,567	193,834
Widow's current	64,711	1,271,749	51,789	1,011,528	32,444	634,351
Parent's	3,496	45,727	2,500	32,464	1,417	18,377

[1] Subject to no deduction from current month's benefit or only to deduction of fixed amount which is less than current month's benefit.

Table 9.—*Unemployment compensation: Summary of selected data, by fiscal year, 1940–43, and by State, fiscal year 1942–43*

[Corrected to July 27, 1943]

Fiscal year and State	Number of subject employers, Mar. 31, 1943	Workers with wage credits [1]	Beneficiaries [2]	Weeks compensated	Continued claims [3]	Benefit payments [4] (in thousands)	Funds available for benefits, June 30 [5] (in thousands)	Ratio of benefits [4] to collections [6] (percent)	Administrative expenditures [7] (in thousands)
Fiscal year:									
1939–40	[8] 810,663	30,086,000	5,041,000	[9] 47,085,461	63,775,206	$482,507	$1,707,046	56.5	$65,552
1940–41	[8] 851,088	31,947,000	3,859,399	41,741,246	53,261,826	432,416	2,104,873	48.7	68,711
1941–42	[8] 893,842	37,200,000	3,243,715	32,022,797	40,213,890	369,745	2,891,115	33.8	74,789
1942–43	[10] 880,311	40,600,000	1,220,994	13,968,005	16,685,667	176,072	4,007,524	14.5	38,265
Alabama	6,307	736,000	21,086	268,806	341,659	2,708	41,893	21.8	345
Alaska	568	35,000	319	2,677	3,847	33	3,663	2.4	09
Arizona	4,051	183,000	1,570	11,516	34,114	136	10,189	3.3	135
Arkansas	18,379	403,000	10,949	66,517	104,455	539	16,928	8.4	313
California	50,646	3,333,000	72,746	941,068	1,042,053	13,367	363,927	9.3	3,106
Colorado	3,925	331,000	2,326	23,474	44,445	257	21,902	3.9	192
Connecticut	13,089	989,000	16,059	130,141	144,726	1,686	105,463	5.8	705
Delaware	5,190	144,000	2,538	23,464	25,633	205	11,663	14.3	136
Dist. of Columbia	[10] 17,257	359,000	3,588	46,536	49,947	634	36,898	7.4	301
Florida	7,193	691,000	23,944	227,853	306,277	2,331	25,689	21.7	435
Georgia	8,498	806,000	19,462	249,802	320,997	2,376	45,536	19.6	564
Hawaii	4,781	205,000	557	4,336	3,603	57	12,988	1.9	103
Idaho	7,885	153,000	1,765	12,850	20,806	161	7,916	4.2	144
Illinois	41,330	3,172,000	159,335	1,788,920	1,856,960	24,262	350,097	26.7	2,847
Indiana	11,245	1,233,000	([11])	315,439	369,074	3,942	104,945	11.9	1,070
Iowa	8,445	503,000	9,564	76,207	105,239	764	34,456	9.4	285
Kansas	5,166	362,000	7,558	67,631	92,350	752	29,254	7.0	318
Kentucky	8,999	568,000	14,474	160,083	219,303	1,351	58,421	10.7	531
Louisiana	11,859	626,000	22,055	234,749	320,856	2,472	36,759	16.4	429
Maine	3,907	273,000	7,936	83,496	96,142	738	18,817	8.3	242
Maryland	13,520	833,000	16,916	160,290	171,039	1,960	69,105	7.1	467
Massachusetts	63,602	1,736,000	47,004	525,561	590,451	5,730	154,438	17.2	1,672
Michigan	16,421	2,050,000	63,518	606,897	652,957	10,005	173,104	17.9	1,830
Minnesota	25,941	653,000	17,190	179,228	237,031	2,192	43,940	14.9	778
Mississippi	4,213	383,000	6,485	61,706	91,870	595	12,074	10.7	222
Missouri	12,446	1,091,000	39,507	380,790	525,826	4,687	99,500	32.1	1,028
Montana	8,947	134,000	1,711	17,134	20,115	184	10,021	5.2	158
Nebraska	3,961	265,000	3,063	25,899	38,408	279	15,015	6.4	214
Nevada	2,790	105,000	303	4,010	6,463	53	5,276	1.7	104
New Hampshire	4,003	188,000	5,066	45,977	56,400	428	14,114	10.8	169

Table continued on following page.

Table 9.—*Unemployment compensation: Summary of selected data, by fiscal year, 1940–43, and by State, fiscal year 1942–43*—Continued.

Fiscal year and State	Number of subject employers, Mar. 31, 1943	Workers with wage credits [1]	Beneficiaries [2]	Weeks compensated	Continued claims [3]	Benefit payments [4] (in thousands)	Funds available for benefits, June 30 [5] (in thousands)	Ratio of benefits [4] to collections [6] (percent)	Administrative expenditures [7] (in thousands)
New Jersey	19,473	1,755,000	84,965	752,568	872,571	9,994	265,692	16.7	1,920
New Mexico	5,209	129,000	766	8,864	13,481	85	5,595	4.6	116
New York	126,360	5,787,000	272,681	3,714,027	4,197,293	50,577	501,004	26.3	5,467
North Carolina	9,849	965,000	21,720	230,140	262,687	1,560	60,497	7.8	596
North Dakota	1,496	59,000	603	7,271	9,862	70	3,253	9.9	91
Ohio	52,650	2,865,000	35,311	426,461	537,594	5,021	302,002	9.9	2,083
Oklahoma	6,056	454,000	8,882	88,031	140,229	1,078	29,652	14.5	332
Oregon	9,028	423,000	5,691	37,877	45,945	475	34,739	3.2	522
Pennsylvania	143,950	4,014,000	72,549	649,045	1,010,251	8,324	393,832	6.2	3,141
Rhode Island	6,493	387,000	18,343	204,780	221,241	2,685	40,934	17.3	367
South Carolina	4,209	481,000	9,635	105,620	167,182	948	24,331	15.2	361
South Dakota	1,711	81,000	573	6,064	9,190	55	4,801	6.1	91
Tennessee	6,893	710,000	28,982	336,206	413,709	3,365	38,301	20.2	516
Texas	17,685	1,660,000	18,451	171,646	294,288	1,509	96,876	6.4	1,002
Utah	6,961	197,000	1,733	13,463	13,727	195	12,968	3.2	196
Vermont	1,643	93,000	1,469	15,133	20,594	153	7,385	7.6	127
Virginia	8,555	891,000	15,777	164,947	173,538	1,610	41,423	14.2	549
Washington	34,950	863,000	6,754	39,299	59,602	472	68,835	1.6	707
West Virginia	4,566	507,000	17,237	125,690	150,286	1,425	44,033	11.1	483
Wisconsin	14,064	889,000	(11)	125,475	175,395	1,561	92,577	7.4	597
Wyoming	3,946	77,000	278	2,341	3,956	26	4,803	1.7	104

[1] Represents estimated number of different workers in each State with wages in covered employment some time in calendar year 1939, 1940, 1941, and 1942, after adjustment for duplication resulting from employment of individual workers in more than 1 State during same year.
[2] Based on number of first payments. Data for 1939–40 partly estimated. Totals exclude figures for Indiana and Wisconsin; data not comparable.
[3] Represents applications for waiting-period credits or benefits which certify to completion of waiting-period week or benefit period.
[4] Adjusted for voided benefit checks.
[5] Represents sum of balances in State clearing account, benefit-payment account, and unemployment trust fund account maintained in the U. S. Treasury.
[6] Represents contributions, penalties, and interest from employers, and contributions from employees. Adjusted for refunds of contributions and for dishonored contribution checks.
[7] Data for fiscal years 1939–40 and 1940–41 and for July–December 1941 represent employment security administrative expenditures by State agencies from State and local funds and from Federal grants under the Social Security Act (title III) and the Wagner-Peyser Act. Data for January–November 1942 represent employment security administrative expenditures by State agencies from Federal grants under the Social Security Act (title III) and Federal expenditures for the operation of employment services in the States. Data for December 1942–June 1943 represent employment security expenditures by State agencies from Federal grants under the Social Security Act (title III).
[8] As of end of fiscal year.
[9] Data for 1939 represent number of payments.
[10] As of Mar. 31, 1943, except the District of Columbia, as of Dec. 31, 1942. Data for the District of Columbia represent reporting units.
[11] Not comparable.

Table 10.—*Special types of public assistance under State plans approved by the Social Security Board: Expenditures for assistance and administration,*[1] *by State, fiscal year 1942–43*

Fiscal year and State	Old-age assistance: Total [2] (in thousands)	Old-age assistance: Percentage distribution [3]: Federal funds	State funds	Local funds	Aid to dependent children: Total [2] (in thousands)	Aid to dependent children: Percentage distribution [3]: Federal funds	State funds	Local funds	Aid to the blind: Total [2] (in thousands)	Aid to the blind: Percentage distribution [3]: Federal funds	State funds	Local funds
Fiscal year:												
1940–41 [4]	$535,377	49.2	40.5	10.3	$152,224	41.2	39.0	19.8	$15,016	47.3	33.7	19.0
1941–42 [4]	602,024	49.2	41.2	9.6	167,658	41.2	40.9	17.9	16,521	47.3	34.9	17.8
1942–43 [4]	652,891	49.1	41.6	9.2	161,926	40.3	43.2	16.5	17,965	47.6	36.0	16.4
Ala.	2,876	47.0	29.5	23.5	1,217	50.0	25.7	24.3	95	50.0	25.7	24.3
Alaska	561	49.4	50.6	------	------	------	------	------	------	------	------	------
Ariz.	4,360	50.4	49.6	------	882	50.0	50.0	------	178	50.0	50.0	------
Ark.	3,972	49.6	50.4	------	1,411	50.0	50.0	------	213	50.0	50.0	------
Calif.	71,280	49.8	23.9	26.3	7,992	31.4	38.0	30.6	[5] 4,158	40.6	29.3	30.1
Colo.	[6] 19,754	45.7	53.6	.7	2,051	50.0	24.9	25.1	277	50.0	24.9	25.1
Conn.	6,220	50.6	49.4	------	1,543	29.1	42.4	28.5	[7] 66	50.0	50.0	------
Del.	368	47.4	52.6	------	195	44.7	31.8	23.5	------	------	------	------
D. C.	1,197	48.0	52.0	------	527	46.6	53.4	------	127	50.0	50.0	------
Fla.	7,923	48.5	51.5	------	[7] 1,405	50.0	50.0	------	[7] 543	50.0	50.0	------
Ga.	8,543	48.0	46.6	5.4	1,345	50.0	44.7	5.3	351	50.0	44.7	5.3
Hawaii	(4)	------	------	------	(4)	------	------	------	(4)	------	------	------
Idaho	3,227	50.1	49.9	------	1,047	50.0	50.0	------	91	50.0	50.0	------
Ill.[8]	51,415	50.3	49.7	------	10,574	50.0	50.0	------	------	------	------	------
Ind.	18,195	49.4	29.9	20.7	5,202	45.2	32.2	22.6	836	50.0	48.0	2.0
Iowa	15,461	49.6	50.0	.4	------	------	------	------	540	50.0	25.6	24.4
Kans.	9,548	48.0	25.8	26.2	2,824	40.9	18.9	40.2	439	48.8	17.4	33.8
Ky.	7,347	49.2	50.8	------	[9] 144	50.0	50.0	------	[10] 138	50.0	50.0	------
La.	7,798	47.2	52.8	------	5,296	45.1	54.9	------	381	49.4	50.6	------
Maine	4,388	49.4	50.6	------	967	39.9	31.2	28.9	297	50.0	50.0	------
Md.	4,033	47.7	35.5	16.8	2,002	50.0	35.4	14.6	170	50.0	16.4	33.6
Mass.	36,810	47.7	32.8	19.5	8,078	28.8	31.9	39.3	339	50.0	50.0	------
Mich.	25,520	49.8	50.2	(11)	10,332	34.2	58.5	7.3	485	50.0	50.0	(11)
Minn.	17,964	50.1	31.8	18.1	3,626	45.2	20.9	33.9	394	49.3	45.7	5.0
Miss.	3,064	48.3	51.6	.1	649	50.0	49.9	.1	186	50.0	50.0	(11)
Mo.	25,361	49.3	50.4	.3	5,260	50.0	49.7	.3	------	------	------	------
Mont.	3,688	49.2	33.2	17.6	886	49.8	33.9	16.3	109	49.7	32.8	17.5
Nebr.	7,500	49.6	50.4	------	[7] 1,784	50.0	50.0	------	[7] 197	50.0	50.0	------
Nev.	839	49.9	26.3	23.8	------	------	------	------	------	------	------	------
N. H.	2,171	49.3	27.2	23.5	517	34.2	65.8	------	99	50.0	50.0	------
N. J.	8,693	47.4	34.7	17.9	2,823	46.1	22.1	31.8	238	49.1	3.6	47.3
N. Mex.	1,402	46.6	53.4	------	1,084	46.9	53.1	------	77	48.1	51.9	------
N. Y.	42,688	45.6	27.8	26.6	16,793	28.4	22.6	49.0	1,155	48.4	22.8	28.8
N. C.	5,245	48.3	28.7	23.0	2,104	50.0	28.0	22.0	488	50.0	24.3	25.7
N. Dak.	2,418	48.1	40.2	11.7	979	47.1	26.6	26.3	41	50.0	46.4	3.6
Ohio	44,688	50.5	49.5	------	5,740	40.0	30.3	29.7	1,147	49.8	16.2	34.0
Okla.	20,858	50.2	49.8	------	[7] 4,982	50.0	50.0	------	631	50.0	50.0	------
Oreg.	6,639	48.9	32.5	18.6	1,087	32.8	42.0	25.2	170	47.0	33.3	19.7
Pa.	31,167	48.2	51.8	------	23,553	36.2	63.8	------	------	------	------	------
R. I.	2,375	49.0	51.0	------	869	33.3	66.7	------	30	49.3	50.7	------
S. C.	2,897	49.5	50.3	.2	870	49.9	49.9	.2	125	49.5	50.2	.3
S. Dak.	3,665	49.6	50.1	.3	705	49.7	49.8	.5	54	49.8	49.7	.5
Tenn.	6,393	49.7	38.5	11.8	3,429	50.0	34.3	15.7	263	50.0	38.0	12.0
Tex.	44,452	51.1	48.9	------	3,660	50.0	50.0	------	1,224	50.0	50.0	------
Utah	5,128	49.4	35.7	14.9	1,530	36.5	48.7	14.8	58	48.0	37.6	14.4
Vt.	1,223	50.3	49.7	------	280	50.0	26.3	23.7	46	50.0	50.0	------
Va.	2,757	45.7	32.9	21.4	1,390	50.0	28.3	21.7	205	50.0	28.6	21.4
Wash.	26,764	50.0	50.0	------	2,640	33.6	66.4	------	412	50.0	50.0	------
W. Va.	4,957	48.2	51.8	------	4,364	50.0	50.0	------	281	50.0	50.0	------
Wis.	15,872	50.4	28.8	20.8	5,009	33.5	31.7	34.8	562	50.0	29.5	20.5
Wyo.	1,222	49.0	30.4	20.6	279	50.0	31.7	18.3	49	48.6	51.4	------

[1] Except for Illinois in 1941–42 and 1942–43 and Arizona in 1940–41, excludes administrative expenditures for personnel merit system.
[2] Totals are sums of unrounded figures; therefore may differ slightly from sums of rounded figures.
[3] Based on unrounded figures.
[4] Excludes Hawaii, for which data on administrative expenses not available.
[5] Includes program administered without Federal participation.
[6] Includes data for recipients 60 but under 65 years of age.
[7] Excludes program administered without Federal participation.
[8] Includes administrative expenditures for personnel merit system.
[9] Represents expenditures for assistance for January–June 1943 and for administration for October 1942–June 1943; first Federal funds available under approved plan for October. Excludes expenditures for programs administered without Federal participation.
[10] Represents expenditures for assistance for December 1942–June 1943 and for administration for July 1942–June 1943; first Federal funds available under approved plan for April 1942.
[11] Less than 0.05 percent.

Table 11.—*Special types of public assistance under State plans approved by the Social Security Board: Number of recipients and average payment, by State, June 1943*

State	Old-age assistance		Aid to dependent children			Aid to the blind	
			Families				
	Number of recipients	Average payment	Number of recipients	Average payment	Number of children	Number of recipients	Average payment
June 1941	2, 170, 500	$21.08	378, 401	$33.08	913, 420	49, 771	$23. 66
June 1942	2, 253, 522	21.83	389, 975	33. 94	938, 976	54, 360	24. 36
June 1943	2, 169, 947	24. 68	301, 428	38. 94	740, 131	53, 714	25. 99
Alabama	22, 152	10. 57	4, 616	19. 07	12, 781	647	11. 30
Alaska	1, 476	30. 54	----	----	----	----	----
Arizona	9, 624	37. 48	1, 696	36. 31	4, 786	390	35. 43
Arkansas	26, 043	14. 59	5, 523	22. 18	14, 179	1, 192	16. 47
California	151, 422	37. 60	8, 333	64. 29	20, 526	[1] 6, 678	47. 04
Colorado	[2] 41, 376	36. 15	4, 147	33. 63	10, 760	597	34. 49
Connecticut	15, 632	30. 55	1, 937	62. 76	4, 898	[3] 149	29. 83
Delaware	1, 893	13. 35	284	42. 31	743	----	----
District of Columbia	3, 145	27. 81	816	37. 11	2, 455	278	34. 39
Florida	41, 046	14. 62	[3] 3, 330	26. 30	[3] 7, 705	[3] 2, 484	15. 57
Georgia	70, 118	9. 83	4, 336	23. 68	10, 467	2, 191	12. 77
Hawaii	1, 508	17. 64	606	48. 14	1, 933	78	20. 78
Idaho	9, 801	26. 95	2, 011	35. 88	5, 406	245	28. 01
Illinois	147, 074	28. 58	26, 606	32. 23	60, 532	----	----
Indiana	65, 008	22. 16	10, 325	32. 78	22, 434	2, 356	28. 47
Iowa	53, 944	23. 56	----	----	----	1, 488	30. 56
Kansas	29, 951	25. 44	4, 767	41. 54	11, 784	1, 212	27. 33
Kentucky	51, 339	14. 58	[3] 1, 213	33. 95	[3] 3, 558	1, 104	16. 57
Louisiana	37, 433	19. 72	12, 083	33. 11	30, 885	1, 450	23. 74
Maine	15, 742	22. 50	1, 663	47. 35	4, 692	963	23. 63
Maryland	14, 037	21. 52	3, 659	34. 50	10, 292	512	24. 61
Massachusetts	82, 401	35. 10	8, 616	65. 35	21, 497	995	26. 32
Michigan	87, 983	27. 21	15, 124	57. 72	35, 767	1, 312	32. 05
Minnesota	60, 490	25. 50	6, 788	37. 33	16, 567	1, 004	30. 90
Mississippi	24, 941	9. 15	2, 499	20. 43	6, 370	1, 301	10. 71
Missouri	108, 708	20. 30	12, 251	31. 64	29, 084	----	----
Montana	11, 865	25. 10	1, 831	32. 65	4, 605	318	26. 71
Nebraska	27, 177	22, 60	[3] 3, 711	32. 25	[3] 8, 522	[3] 649	23. 08
Nevada	2, 040	33. 13	----	----	----	----	----
New Hampshire	6. 949	24. 90	786	51. 82	1, 948	307	25. 25
New Jersey	26, 759	25. 00	5, 375	32. 05	12, 436	627	26. 74
New Mexico	5, 038	29. 53	2, 275	39. 99	6, 607	252	28. 80
New York	112, 507	30. 24	19, 237	62. 65	40, 942	2, 649	31. 90
North Carolina	37, 082	10. 55	7, 951	18. 29	18, 789	2, 168	15. 59
North Dakota	9, 076	24. 24	2, 007	37. 57	5, 572	130	24. 50
Ohio	134, 321	27. 39	9, 560	45. 85	25, 272	3, 548	23. 37
Oklahoma	77, 279	22. 47	[3] 15, 673	23. 07	[3] 36, 929	2, 058	24. 40
Oregon	19, 576	28. 15	1, 340	59. 93	3, 218	398	35. 15
Pennsylvania	90, 163	27. 85	29, 792	53. 33	76, 559	----	----
Rhode Island	7, 267	26. 79	1, 140	60. 84	3, 106	97	26. 35
South Carolina	20, 998	10. 70	3, 629	19. 74	10, 640	812	11. 89
South Dakota	14, 004	21. 27	1, 740	30. 91	4, 058	244	17. 60
Tennessee	39, 050	14. 24	12, 832	20. 65	32, 510	1, 593	12. 96
Texas	182, 154	20. 31	11, 846	21. 30	26, 382	4, 423	23. 98
Utah	13, 780	35. 01	2, 063	51. 77	5, 455	122	32. 88
Vermont	5, 432	18. 72	645	33. 18	1, 669	150	22. 92
Virginia	17, 854	10. 97	4, 185	22. 01	11, 788	1, 011	14. 05
Washington	61, 924	34. 98	3, 328	66. 88	8, 045	808	36. 68
West Virginia	19, 459	16. 20	8, 730	29. 78	24, 394	874	21. 07
Wisconsin	50, 495	25. 45	8, 034	44. 50	19, 304	1, 728	25. 07
Wyoming	3, 411	31. 17	489	33. 57	1, 280	122	34. 76

[1] Includes program administered without Federal participation.
[2] Includes data for recipients 60 but under 65 years of age.
[3] Excludes program administered without Federal participation.

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